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## **Poverty and Policy Coherence:**

# *A Case Study of Canada's Relations with Developing Countries*

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and  
Daniel Pierre-Antoine*

February 2003

Fourth in a series of four

## **The North-South Institute**

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## **National Library of Canada Cataloguing in Publication**

Weston, Ann

Poverty and policy coherence : a study of Canada's relations with developing countries / Ann Weston, Daniel Pierre-Antoine.

Includes bibliographical references.  
ISBN 1-896770-49-5

1. Economic assistance, Canadian—Developing countries. 2. Canada—Foreign relations—Developing countries. 3. Poverty—Developing countries. I. Pierre-Antoine, Daniel, 1972- II. North-South Institute (Ottawa, Ont.) III. Title.

FC244.T55W48 2003      338.91'7101724      C2003-900560-7      F1029.W48 2003

Editorial team	Lois L. Ross, Rowena Beamish
Layout Design	Karen Kershaw

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Price: \$ 10.00

# Table of Contents

<b>List of Acronyms</b> .....	iv
<b>Foreword</b> .....	v
<b>Acknowledgements</b> .....	vi
<b>About the authors</b> .....	vi
 <b>Executive Summary</b> .....	 1
 <b>1. Introduction</b> .....	 13
Conceptual framework .....	13
Project background .....	14
Structure of report .....	16
 <b>2. The Concept of Policy Coherence</b> .....	 17
Origins of the concept .....	17
Typologies of coherence .....	18
Policy coherence and development assistance .....	19
 <b>3. Current Applications</b> .....	 21
Policy coherence in the European Union .....	21
Policy coherence in DAC countries .....	24
Policy coherence in other multilateral organizations .....	30
 <b>4. Policy Coherence in Canada</b> .....	 35
<i>Canada in the World</i> and Canadian foreign policy .....	35
Government institutional structures .....	36
Canadian literature perspectives .....	37
Interviews .....	39
Current coherence initiatives .....	58
Good practices and potential solutions .....	63
 <b>5. Conclusions</b> .....	 65
 <b>References</b> .....	 67
<b>Endnotes</b> .....	73
 <b>List of Tables and Annexes</b>	
Table 3.1: Prerequisites for Sustainable Growth and Poverty Alleviation .....	31
Table 3.2: The CDF Matrix .....	32
Annex 3.1: Five Typical Models .....	33
Annex 3.2: Select DAC Country Models .....	34
Annex Table 4.1: Mandates and International Activities of Canadian Government Departments and Agencies .....	70

## **List of Acronyms**

ADM	Assistant Deputy Minister
CDF	Comprehensive Development Framework
CEA	Canadian Executing Agencies
CSER	Common Service for External Relations
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee
DEA	Department of External Affairs
DFAIT	Department of Foreign Affairs and International Trade
DFID	Department for International Development
EDC	Export Development Canada, formerly Export Development Corporation
EU	European Union
IDRC	International Development Research Centre
IMF	International Monetary Fund
NGO	Non-governmental Organization
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OGD	Other Government Departments
PCO	Privy Council Office
PMO	Prime Minister's Office
PRI	Policy Research Initiative
PRSP	Poverty Reduction Strategy Paper
SAP	Structural Adjustment Program
SCFAIT	Standing Committee on Foreign Affairs and International Trade
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WTO	World Trade Organization

## Foreword

This is the final of the four case studies that form part of The North-South Institute's project on Poverty and Policy Coherence. The first study on Mali was released in November 2000, the second on Bangladesh in November 2001, and the third on Jamaica in March 2002. The initial idea for the project grew out of the Institute's reflections at the time of Canada's Foreign Policy Review in 1994, when we noted:

"It is critical to ensure greater coherence between all of Canada's relations with developing countries. Too often, policies in one area fail to take into account the possible implications for our development efforts (or vice versa), whether as a result of inadequate time, interdepartmental competition, or ignorance. At best this can mean that possible synergies are wasted. At worst fragile development efforts are undermined."

With funding from the Canadian International Development Agency and the International Development Agency, we decided to undertake a series of three developing country case studies to examine how Canadian aid and non-aid policies interact in practice. These studies also consider how Canadian policies interact with the poverty reduction policies of the recipient country and other donor agencies operating in that country. This Canadian case study focuses on the growing international engagements of different government departments and the need for closer collaboration, especially if Canada is to maximize its support of global poverty reduction efforts. The recently launched dialogue on foreign policy provides an important opportunity to consider the critical issues of poverty and policy coherence.

*Roy Culpeper*  
*President*  
*The North-South Institute*

## Acknowledgements

We would like to thank both the Canadian International Development Agency (CIDA) and the International Development Research Centre (IDRC) for their financial support of this project. Special thanks are also due to the many people in Ottawa and in the three case-study countries for sharing their time and thoughts on policy coherence with us. The views contained in this report, however, are the responsibility of the authors alone, and not those of The North-South Institute, CIDA, IDRC, nor any of those people whom we interviewed. We would also like to thank those involved in the research and writing at an earlier stage: Leanne Burton of IDRC and Kerry Max of CIDA. Finally, thanks are due to Institute staff Diane Pichette for her help in organizing our research team and advisory committee meetings and to Dina Shadid for providing us with many documentary sources.

*Ann Weston and Daniel Pierre-Antoine*

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# Executive Summary

## Introduction

Since this research project began, policy coherence has become a common phrase, widely used in policy documents, speeches, and declarations, within Canada and internationally, by officials and NGOs concerned about the reduction of poverty in developing countries.

At a conceptual level, there is a general understanding of the problems that can arise (from lack of credibility to wasted resources) if different departments in the same government pursue conflicting policies. In the field of international development, where resources are scarce, a longstanding issue has been how to improve the coordination and complementarity of donor aid policies and programs not only with each other but also with the policies and programs of recipient countries. In recent years a third dimension has come into play, namely coherence with donor non-aid policies.

Canadian foreign policy interests — notably economic and security — can be affected by whether or not development policies are successful in tackling poverty, stimulating growth and enhancing political stability. Similarly, Canadian actions whether directly (e.g., on developing country debt and trade), or indirectly (e.g., on the governance of global finance and trade) can influence the outcome of development efforts. There are also other policy areas, traditionally considered to be more domestic, such as health and the environment, where it is clear that successes and failures in developing country governance will have positive and negative spillovers in Canada. Canadian national objectives in these areas often cannot be met without parallel progress in developing countries. Efforts to eradicate TB and reverse global warming are just two examples. Canadian national initiatives, for example, on health, may strengthen or weaken developing country efforts (as illustrated by the debate over drug patents).<sup>1</sup>

This convergence of interests internationally was underlined by the UNDP's work on global public goods, that is, goods which have benefits that spread across countries and generations, such as financial stability and environmental sustainability.<sup>2</sup> Increasing openness of national economies, and the increasing number of globally systemic risks are some reasons underlying the urgency of national policies which take into account their externalities, that is their implications for the rest of the world. As the report notes, "international cooperation must form an integral part of national public policy making. Clearly, the dividing line between internal and external affairs has become blurred, requiring a new approach."<sup>3</sup> The UNDP recommends that donors internalize the costs and benefits of externalities; create national externality profiles; track national and external expenditures at least by government departments in key areas, such as finance, trade, health and the environment;<sup>4</sup> and differentiate and track aid which contributes to global public goods from aid with more limited effects (i.e., primarily within recipient countries).

While global action can be difficult, as the UNDP notes, there has been increasing international attention given to promoting policy coherence, particularly in the discussions about trade, finance, and development. At the end of the Uruguay Round it was agreed that “with a view to achieving greater coherence in global economic policy-making, the WTO shall cooperate, as appropriate, with the IMF and with the IBRD and its affiliated agencies.”<sup>5</sup> At Doha in November 2001, WTO members went further, by deciding to create a working group on trade, debt, and finance, to consider steps which the WTO might take that would contribute to resolving developing countries’ debt problems, and how to protect the trading system from the effects of financial and monetary instability.<sup>6</sup> At Monterrey, in March 2002, the consensus document underlined the need for the UN, the World Bank, the International Monetary Fund (IMF), and the WTO to address issues of coherence, coordination and cooperation in the international monetary, financial, trading, and development systems, while recognizing that governments needed “to continue to improve our domestic policy coherence through the continued engagement of our ministries of development, finance, trade and foreign affairs, as well as our central banks.”<sup>7</sup>

The donor community, through the Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee (DAC), has played a key role in promoting the concept of policy coherence as well as designing guidelines for use in the review of donor performance. The DAC’s primary purpose is to ensure that donor policies in a broad range of areas at best enhance, and at least do not undermine, efforts directed at poverty reduction. The new international context makes this task necessary. Notes the DAC, “In a world where there is no longer a clear distinction between domestic and international affairs, effective development co-operation programmes alone will not adequately reduce poverty. Development objectives need to be integrated throughout the full range of government departments, not only in developing countries but also in OECD countries.”<sup>8</sup>

At a design level, the initial work of the DAC on policy coherence was undertaken by the Informal Network on Poverty Reduction (PovNet). Building on earlier work assessing donor agencies’ commitment to poverty reduction and their capacity to follow-through,<sup>9</sup> this group has produced a series of documents on policy coherence out of which a checklist and set of guidelines were drawn up for use in DAC peer reviews. There are seven priority areas:

1. international trade (in goods, service, and technology) and foreign direct investment
2. economic and financial issues (e.g., macroeconomic policies, portfolio investment, international financial architecture, debt)
3. agriculture and food security (including trade, food aid, research and GMOs)
4. natural resources and the environment (global, regional, local environment issues, use of renewable and non-renewable resources, trade agreements)
5. social issues (such as education, health, social safety nets and migration)
6. governance (including human rights, labour rights, responsive public institutions), and
7. conflict and security (including conflict prevention and the arms trade).<sup>10</sup>

In addition, the OECD/DAC has suggested various ways for increasing coherence at all three levels: within a donor country, in relation to other donors, and with respect to national policies within recipient countries. Access to information as well as analytical capacity is essential both within gov-



ernment and outside (NGOs, academia, private sector). There must be a process for bringing this information and analysis into the policy-making process. Finally, political leadership is critical for ensuring that traditional, domestic interests do not override development objectives.

Many governments have moved in this direction. In the UK, the release of two White Papers on the elimination of world poverty<sup>11</sup> committed the UK Government as a whole to a number of actions to support poverty reduction and the achievement of the International Development Targets. This has led to various mechanisms for policy coordination including a ministerial-level Inter-Departmental Working Group on Development. Resources are available in the Department for International Development (DFID) for identifying trade and investment policies which promote development, and for discussing these with other departments. In Sweden, a Parliamentary Commission reported in 2002 on ways to promote policy coherence for global poverty reduction.<sup>12</sup> The European Union (EU) has also begun to reform its development cooperation in order to strengthen coherence amongst the various bilateral programs of its member states and EU level programs, as well as between EU development and other policies.<sup>13</sup> Other countries, including Finland, Germany, New Zealand, the Netherlands, Norway, Switzerland, and the US, already have or are developing policies and procedures for enhancing policy coherence. These range from a Cabinet committee designed specifically to oversee policy coherence (as in the Netherlands' Council for European and International Affairs) to a consultative commission including civil society organizations (CSOs) (in Switzerland) and a regulation requiring all legislation to be reviewed by the Ministry for Economic Cooperation and Development (Germany).<sup>14</sup>

In Canada, the Canadian International Development Agency (CIDA) has made policy coherence a central pillar in its latest policy statement, *Canada Making a Difference in the World: A policy statement on strengthening aid effectiveness*: "The objective of policy coherence, with poverty reduction as a central goal, has been accepted and widely supported within the OECD, the G-8, the World Bank, the IMF and the UN system ... CIDA is working to promote policy coherence in the policies adopted by the Government of Canada ... to bring the development perspective to bear on the policy position taken by the Canadian government."<sup>15</sup> The details of these new directions, how they might build on existing efforts to promote coherence in Canadian policies, and whether they will address some of the shortcomings raised in our country case-study reports, is discussed further below. Canadian policy coherence efforts were assessed as part of a DAC aid review in mid-2002.

Finally, at the national level in developing countries, there is continuing pressure on governments to develop coherent sets of policies. While the focus today in many countries has been on the Poverty Reduction Strategy Paper (PRSP), other approaches include the World Bank's Comprehensive Development Framework, the UN's Common Country Assessment and Development Assistance Framework (CCA/DAF), or a Sector-Wide Approach (SWAp). Donors are encouraged to work within the same frameworks.

This new focus on policy coherence has drawn both applause and criticism. For instance, Inter Pares argues: "Policy coherence is the foundation of the entire project of increased effectiveness and impact in Canada's contribution to poverty eradication in the global south. It is a direction that should be forcefully supported by Canadians."<sup>16</sup>

There are three principal concerns, however. First, will poverty reduction be the goal of policy coherence? Second, what is the most effective framework for achieving poverty reduction? Third, will the task of defining, monitoring, and enforcing policy coherence be left to governments and intergovernmental agencies?

On the issue of goals, there is some concern that policy coherence will not focus on poverty reduction, but rather on other national policy objectives (typically commercial or security). This reflects an underlying doubt about the capacity of donor agencies to identify the impacts of alternative policies on developing countries, and to quantify the national benefits in following those policies which are most likely to reduce poverty.<sup>17</sup> Even if donor agencies were able to do this, governments may not be willing to make the tradeoffs. As the OECD has noted, “Policy co-ordination is ... a political as well as an administrative process. Development agencies are often in a weak position politically compared with most other government departments and public and private interests associated with areas such as trade, investment, agriculture, and national security.”<sup>18</sup>

Second, even if poverty reduction is accepted as the goal against which to gauge policy coherence, will there be any scope for policy debate – or will it be assumed that there is only one way to achieve that goal (and will that way assume the Bank/Fund macroeconomic policy set)? The suggestion by Bank/Fund staff that the PRSPs/CDFs are the best framework for achieving policy coherence around poverty eradication will not reassure the many critics of these approaches.<sup>19</sup> But they may welcome the UN and specifically ECOSOC being brought into the coherence discussion, particularly given its responsibility for the achievement of the Millennium Development Goals (MDGs). It has also been suggested that the UN human rights commitments or the MDGs would be an effective framework for policy coherence — with human rights or the MDGs trumping trade or Bank/Fund approaches to development.

If there is no single path to development, as CIDA acknowledges, this will complicate the identification of policy coherence/incoherence. For instance, the set of trade policies needed to reduce poverty in one country may be quite different from what is needed in another. Certainly a key problem may be that we still do not know enough about the poverty impacts of alternative policies, to be able to determine at a national level (either in Canada or in developing countries themselves) what policies are needed to reduce poverty.

Third, there is a strong argument for making the definition, monitoring, and enforcement of policy coherence a more inclusive process. Ideally the process should be led by developing countries themselves – notably by their governments. Much of the literature refers to the important role that CSOs can also play, nationally in donor and recipient countries as well as at the multilateral level. CSOs are adding their voices to the demands for policy coherence and at the same time may be able to help in the supply of policy coherence by bringing their insights to bear on the impacts that various policies have on poor people in developing countries.<sup>20</sup> Of course many CSOs are quite critical of policy goals and policy-making procedures, and this has made governments and multilateral organizations reluctant to discuss policy coherence with them. Nonetheless, there has been some movement in this direction. In the context of PRSPs, for instance, the World Bank has encouraged governments to allow civil society participation on the grounds that “participation produces better policy... because of its potential to build understanding of poverty ... (and) clarify trade-offs with other development

priorities.”<sup>21</sup> There is also a role to be played by developing country governments and CSOs in monitoring the policy coherence of donors and multilateral agencies.

This then is the backdrop for the four case studies which The North-South Institute has undertaken on policy coherence.

## **Key findings and conclusions**

The aim of the three developing country case studies — Mali, Bangladesh, and Jamaica — was to provide country specific illustrations of how Canadian policies interacted with the poverty reduction policies of both the recipient country and other donor agencies operating in that country (referred to here as vertical coherence). They also considered how Canadian aid and non-aid policies toward developing countries have interacted in practice (horizontal coherence). The Ottawa-based study focused on the key Canadian departments and agencies now active in the international arena and the extent to which they work together to promote poverty reduction. The points of commonality and divergence in these areas are considered in turn.

### ***Vertical coherence***

There were some questions in the reports about the extent to which CIDA programming at a country level adequately reflected the agency’s overall commitment to poverty reduction. While CIDA had selected six elements as key to poverty reduction, the country programs had focused more narrowly, with economic growth or competitiveness being given a relatively high weighting in Mali and Jamaica. In Bangladesh, however, the focus was on meeting basic human needs (with a strong emphasis on improving the status of women) and governance.

Canada’s influence declined in all three countries with the fall in aid levels during the 1990s. Bilateral aid in real terms fell by over 60 per cent on average, with the cuts being especially severe in Jamaica. This has limited the scope for Canada to leverage its development assistance, while its human resource capacity was also quite limited. More recently, with the regrowth of the aid program, plus increasing attention to policy capacities and expansion of CIDA’s Policy Branch, there may be greater scope for talking about policy leverage.

The reports illustrate the difficulties for donors in finding a balance between leaving the responsibility for coordinating donor interventions to national governments and assuming it themselves, particularly when the national strategy does not seem to be effectively addressing the issue of poverty. In all three cases, however, there was a recognition that donors must increasingly follow the leadership of national governments, with scope for ensuring that national policy frameworks are informed as much as possible by national CSOs.

Questions were raised about the Bangladesh government’s emphasis on accelerated economic growth within liberalized markets and whether this would lead to reduced rural poverty, as intended. In this context, it was suggested that CIDA might have considered supporting different policies or compensating initiatives, for instance to help offset widening income inequalities. The Jamaican govern-

ment, also faced with new forms of poverty associated with changes in the world economy and the Jamaican market, had responded with a National Poverty Eradication Program (NPEP). CIDA sought to make its programming coherent with the NPEP, even though it was not a core funder of the program. Nonetheless the NSI report considered that the Jamaican government's efforts to promote coherence were still too piecemeal, and that a more comprehensive framework would have helped to set out the core objectives and roles of the various partners.

Coordination between CIDA and the government in Jamaica appeared to have worked well, with a single national agency playing the lead role. In contrast, in both Bangladesh and Mali, while relations overall were reported to be good, coordination was complicated by the number of ministries involved and competition over resources, as well as concerns about transparency and accountability in line departments. Decentralization in Mali might make policy coherence more challenging, with the creation of a new layer of administration creating new needs and new possibilities for donor agencies.

Good relations with a recipient government did not mean that CIDA's policies and programming priorities were always jointly developed. In other words the commitment in principle to national ownership was not always evident in practice. The preparation of the Bangladesh Country Program Framework (CPF) in the late 1990s was quite centralized — primarily limited to CIDA staff in Ottawa, with little if any consultation on policy directions with NGOs and Canadian executing agencies (CEAs) in Ottawa let alone with partners in the field, whether officials, NGOs or CEAs, despite the contribution they could make on the basis of their long-term experiences with CIDA projects and/or field knowledge. This was in contrast to the practices of other donors in Bangladesh (such as the UK) and even with other CIDA CPF. The process in Mali and in Jamaica was much more inclusive, allowing CIDA to incorporate views from a wide range of groups and thus to ensure greater coordination of its activities with those of others.

Aid tying also limited the scope for delegation of responsibility to the partner countries, as well as leading to other distortions contrary to the objectives of aid effectiveness and supporting private sector development in beneficiary countries. Canada's commitments to begin aid untying under the OECD framework-DAC agreement for LDCs and more significantly in *Canada Making a Difference in the World* are critical steps towards greater policy coherence.

There have been some changes recently, for example, with CIDA meeting CEAs in Ottawa and partners in Bangladesh to discuss operational issues. This could be extended to include policies, programming, and CIDA's new directions more generally as they apply to Bangladesh. Discussing policies in partnership with NGOs and even community-level organizations can insert a degree of accountability into the process, as these participants would be vocal if later they found that the policies were ineffective and/or resources were being misdirected.

One of the new directions emerging from CIDA's new policy statement is the delegation of greater authority to the country level, by building on CIDA Project Support Units (PSUs) with national capacity rather than CIDA headquarters staff. One option would be to extend the responsibility of these PSUs to include policy coherence (in which case they would be renamed Policy and Project Support Units or PPSUs.) In this vein, the 2002-2007 country strategy for Jamaica has already intro-

duced an enhanced information-gathering and analytical role for the PSUs, while noting the importance of close communication with CIDA headquarters in order to assure coherence with Jamaican partners.<sup>22</sup>

There was general agreement that it made sense for CIDA to focus more at the macro, policy and program levels, and less on individual projects, unless these are longer-term and fairly large. The Canada funds available through the embassy or high commission are a vehicle for short-term initiatives but even those could be more strategically used, for example, as action research initiatives to test an emerging area or priority.<sup>23</sup>

Canada has continued to participate in several committees created to coordinate donors' programming with recipient policies. There is still much work to be done to minimize the incoherence between donors — even in a country like Mali which was the subject of an earlier study by the OECD that made a strong case for greater donor coordination. A related issue raised was the process involved in transmitting the results of these coordinating processes to CIDA's partner agencies — in Bangladesh for instance it was noted that some of CIDA's largest partners in the micro-finance area were not involved let alone familiar with the work undertaken by the local consultation group on micro-finance, which was led by Canada at the time.

The plethora of Canadian actors in the countries studied included the private sector as well as NGOs. Typically CIDA has had stronger linkages with most NGOs and for-profit companies acting as CEAs. Linkages with private sector companies operating outside CIDA programming are far less regular. In the worst case scenario, this can lead to CIDA's poverty reduction efforts being undermined; in others there may be missed opportunities for encouraging companies to make a greater contribution, for instance, to poverty reduction, sustainable development, and gender equality. Examples of both, are, respectively the Sadiola gold mine in Mali and various ALCAN and Scotiabank community projects in Jamaica. It is important for CIDA to be aware of Canadian private sector involvement in its leading partner countries — not just their community activities but the full range — in order to begin this process of dialogue and then to build coherence between all Canadian actors there. The Department of Foreign Affairs and International Trade (DFAIT), through its embassies, should facilitate this dialogue — the Mali report recommends reviving a coordinating committee that used to meet regularly if somewhat informally for this very purpose. In Jamaica the vehicle may be the Canada-Jamaica Business Council.

Within Ottawa, the issue of vertical coherence was particularly pronounced in the context of the relations between CIDA's policies, and those set out in the 1995 foreign policy statement, *Canada in the World*. Tensions arose when the three principal objectives of prosperity, security and values appeared to subordinate CIDA's own goals of poverty reduction, as in the case of certain trade policies. Of course there were many potential synergies, and in some cases overlapping interests, as with DFAIT's Global and Human Issues Bureau, and especially after it began to work on human security. While much of the focus has shifted to the horizontal level, as discussed below, there is still a concern about subordination, and the possibility of aid being co-opted by other priorities, such as national security and economic well-being.

## *Horizontal coherence*

CIDA has begun to work more closely with other Canadian government departments (OGDs), especially DFAIT. This is evident at the corporate level, especially in Policy Branch, and also at the country-desk level. Certainly there is discussion with DFAIT about country strategies, at the time of formulation. Recent country programming documents note a commitment to greater coherence in Canada's aid and non-aid policies.<sup>24</sup> Typically there are fewer resources in DFAIT (at least in Ottawa) to track developments in smaller countries, let alone to design a strategy for Canadian policy coherence, leaving CIDA to take the lead. Policy coherence requires not only political commitment, but also resources to design and monitor. If DFAIT lacks the resources, as is frequently the case, then these may be provided by CIDA.

An area of some contention until quite recently concerned Canadian *trade* policy toward Bangladesh and other Least Developed Countries (LDCs). After considerable inter-departmental dialogue as well as external discussion and pressure, a decision was finally taken in June 2002 to remove all tariffs and quotas of all imports from all LDCs from January 2003 (with the exception of certain dairy products, eggs, and poultry). Bangladesh stands to be a major beneficiary of this initiative. There is still scope for CIDA to ensure that Canadian trade policy positions in the WTO support Bangladesh, Mali and other LDCs, notably in the area of agricultural subsidies, food security, and Trade-related Intellectual Property Rights (TRIPs).

There is further work to be done on trade policy, more generally. Non-LDCs like Jamaica continue to face barriers to the Canadian market, notably for clothing. All developing countries will be looking to Canada to ensure that their special and differential needs are accommodated in the WTO rules during the ongoing Doha negotiations. For instance, in agriculture many want to be able to use safeguards against import surges or other measures against subsidized imports. The Caribbean has begun to negotiate a free trade agreement with Canada and there is role for CIDA to play in elaborating approaches that take into account the Caribbean's particular structural constraints and development needs.

Both the Bangladesh and Jamaica cases note that CIDA is complementing its work on the trade policy front with capacity-building measures, to strengthen partners' negotiating capacities. Even here there is scope for increasing the linkages to be made with poverty reduction — for example in the case of the Regional Negotiating Machinery to suggest more work be done on the implications of alternative trade policies for the poorest people in the Caribbean.

In other policy areas, several other departments were involved in the three countries studied, where they often acted as CEAs of CIDA projects. But they otherwise did not always collaborate with CIDA, and in some cases were not familiar with CIDA's country-specific goals and objectives. This means that potential complementarities or contradictions with CIDA's poverty reduction objectives were not explored.

Besides trade, there were a few examples of policy coherence issues with OGDs. *Debt* remains a major constraint on many governments' public spending. In Jamaica, for instance, debt servicing absorbed two-thirds of the annual budget in recent years. Canada's decision to write off C\$18 mil-

lion of outstanding loans in 2001 helped to reduce this problem slightly, though more significant action is needed at the multilateral level. This is an area for further collaboration between CIDA and Finance Canada.

*Immigration* policy was another area noted in the Jamaica and Mali cases. In Jamaica, the issue concerned both the recruitment of health professionals and the migrant farmworker program. Neither have involved CIDA input to determine how best to mitigate negative impacts (in the first example) or to maximize the development contribution (in the second). In Mali, changes in Canadian procedures for visa applications were made without taking into account the problems created for business people. With a number of new initiatives being considered by Citizenship and Immigration Canada (CIC) in response to labour market needs identified by Human Resources Development Canada (HRDC), it would be timely for CIDA to meet with CIC/HRDC to discuss the complex relationships between poverty, migration, and development and to consider how to achieve policy coherence in this area.

There could also have been greater collaboration on *export credit and risk insurance* with the Crown corporation, Export Development Canada (EDC). One of the problems confronted in the country-level research was the lack of company- and even country-specific information about EDC financial support. While EDC has adopted an increasingly commercial focus, it has been encouraged to adopt certain policies, such as policies on environmental review, corporate social responsibility, business ethics, and public disclosure. But, it has not worked with CIDA to determine how the projects it might finance would contribute to meeting CIDA's poverty reduction objectives. Yet, this is an area where further collaboration with CIDA could contribute to policy coherence. Similarly, any finance for the Canadian private sector through the newly created fund for Africa, or any eventual Canadian development finance institution, should be expected to fit within CIDA's poverty reduction framework.

Finally, another factor to take into account has been the emergence of *provincial offices* for international relations. In Quebec, the ministry has created an aid secretariat, which funded a project in Mali. Without better communication between the two levels of government, opportunities for concerted action to reduce poverty may be missed.

The Canada-based study underlined the growing interest in international development amongst many OGDs — and the wide range of OGD policies and activities that affect developing countries — and a recognition of the importance of working more closely with CIDA. At the same time, this has generated some tensions about competing mandates and access to resources. In response, a number of formal and informal coordination mechanisms have emerged, as officials attempt to ensure greater complementarity and even coherence in their policies and actions. Canada's experience in this regard is not unique — most developed countries are reviewing their policy frameworks and administrative structures in order to enhance their foreign policies and especially the effectiveness of their support of poverty reduction in developing countries. As noted earlier, several international organizations are also considering how to promote policy coherence multilaterally. While no ideal structure has emerged, there are some common elements that are worth considering. A formal framework, with strong political endorsement, such as a White Paper, can be important for

encouraging all government departments to give serious attention to the issue of policy coherence and poverty reduction. In Canada's case this would help to set out how the various government departments, agencies, and Crown corporations should complement CIDA's policies and programming directed at poverty reduction. Progress in meeting the goals of the White Paper could be the subject of an annual development policy review, conducted by CIDA, DFAIT, and other leading departments and agencies, and/or monitored by a policy coherence secretariat. In the interim, CIDA could begin to draw up policy coherence profiles for those countries with which it is proposing enhanced partnerships; these would be used as a basis for discussing how to promote more coherent policies toward that country through integrated country strategies.

There is a wide range of other formal and informal mechanisms that have been used to coordinate policies and activities involving development issues, ranging from a special coordinator for Haiti, to interdepartmental working groups created by CIDA's Asia Branch, participation by CIDA's Gender Equality Division in an interdepartmental group on gender equality, and secondment of staff between departments. Further initiatives such as the Canadian Centre for Management Development's (CCMD) Partnership for International Cooperation, provide additional opportunities for fostering understanding of CIDA's priorities and a more collaborative approach to responding to developing country needs. At the same time there are increasing opportunities for CIDA to learn of OGD interests and to suggest ways of making them more coherent with poverty reduction. Finally, there are lessons to be drawn from other approaches such as the Voluntary Sector Initiative and the Policy Research Initiative.



## Recommendations

A number of different priorities and ideas emerged for enhancing Canadian policy coherence:

- *Review of internal policies* – CIDA needs to regularly review the coherence of its own internal policies with poverty reduction, and the relationship of its policies to those of recipient governments and other development partners.
- *Adopting a White Paper on Poverty Coherence and Poverty Reduction* – this would establish goals and procedures, and thus create a solid framework within which to guide, monitor and evaluate OGDs’ policies and practices as they affect poverty reduction in developing countries. To be effective it would need strong political commitment and support from the Prime Minister’s Office.
- *Improved communication and sharing of information and policies and activities in particular countries* – this is a minimum. It should include activities of Canadian government departments and agencies as well as those being implemented or funded by Canadian private sector and non-governmental organizations. The information should be shared amongst all Canadian groups, in particular to ensure that those not directly involved with CIDA are aware of CIDA’s policies with respect to poverty reduction.
- *Integrated country strategies* – these would include the roles and objectives of OGDs, as well as the parts to be played by the Canadian private sector and NGOs. In recognition of resource constraints these could be produced for the countries on which CIDA is now proposing to concentrate its aid (“enhanced partners”). Another approach might be at the regional level, building on the example of CIDA’s regional frameworks but including OGDs and Canadian actors.
- *Policy and Project Units* – these would expand on the existing CIDA Project Support Units, with the responsibility to ensure Canadian aid is more effective and more coherent with recipient governments’ poverty reduction efforts as well as the efforts of other donors, and to monitor Canada’s non-aid relations with partner countries to ensure the coherence of Canadian policies. The PPUs could coordinate feedback from partner countries on the implications of Canadian policies and practices across the board (rather than limiting themselves to Canadian aid policies and programming).
- *Regular consultations about country strategies with non-government groups, as well as governments, in partner countries* – while such consultations have taken place in the past, they need to be regularized and extended as standard practice in all countries.



# 1

## Introduction

“[O]nly a minority of development agencies and their governments appear to have taken concrete steps to ensure that their domestic policies are consistent with the goal of poverty reduction....” OECD/DAC, *DAC Scoping Study of Donor Poverty Reduction Policies and Practices*, 1999, p. xv.

“In its broadest sense, coherence implies an overall state of mutual consistency among different policies.” OECD, *Building Policy Coherence*, 1996, p. 8.

“Reducing poverty requires better coherence in government policies affecting development. Key policy areas with potentially strong poverty reduction impacts include debt relief, trade, investment, agriculture, the environment, migration, health research, security and arms sales.” OECD, *The DAC Guidelines for Poverty Reduction*, 2001, p. 10.

“CIDA will continue to assess opportunities to improve policy coherence in the Government of Canada’s policies affecting developing countries and is committed to working with other government agencies to this end.” CIDA, *Canada Making a Difference in the World. A Policy Statement on Strengthening Aid Effectiveness*, 2002.

This study is concerned with the issue of policy coherence in the context of Canadian policies toward developing countries. The primary focus is on official relations, and how they are designed and implemented.

### Conceptual framework

#### *Defining policy coherence*

The concept of policy coherence has mostly been used within the context of development cooperation (as elaborated further in Section 2 of this report). However, its application is potentially much broader. In essence it refers to ensuring that policies are coordinated and complementary or at least not contradictory. Complete coherence across a broad range of government policies is unlikely except where the objective is set at a very general level, such as the promotion of national interests. But it is a useful concept in that it helps to highlight where policies undermine each other and where they can complement each other. In particular, policy coherence can be used to assess the relationship between a primary set of government policies, with a relatively narrow objective, and a secondary set of other government policies, with a broader and more varied range of objectives. It would be unusual for the second set always to reinforce the first; in fact conflicts may well arise. Policy coherence encourages governments to consider whether their secondary actions undermine their primary ones — and if so, whether alternative policies or programs might be more compatible, and if not, whether additional efforts in the primary are needed. Policy coherence, therefore, requires an interest and capacity in first reviewing policies at an aggregated level, and then, in redesigning them if necessary.

“Coherence may, accordingly, be defined as a policy whose *objectives*, within a given policy framework, are internally consistent and attuned to objectives pursued within other policy frameworks of the system — as a minimum, these objectives should not be conflicting; where *strategies and mechanisms* are attuned to the objectives, they should, as a minimum, not conflict with the objectives or with the intentions and motives on which these are based; and where the outcome is corresponding to the intentions and objectives, it should, as a minimum, not conflict with these.”<sup>25</sup>

### ***Why does policy coherence matter?***

There are several reasons for addressing policy coherence. Principal among these is the need to ensure that the use of scarce resources in aid programs is not undermined by the adoption of other policies with conflicting objectives and outcomes. More positively, there is a sense that effective coordination of non-aid policies can help to reinforce aid programs. In some cases, such positive externalities may not be realized through oversight. The mechanisms to ensure that other departments’ policies or programs complement the work of aid agencies may not be in place. In other cases, the mechanisms may exist but the political will does not — until the benefits (or costs) of policy coherence (or incoherence) are more clearly visible.

### ***Why poverty reduction and policy coherence?***

The focus here is on the linkage of policy coherence to poverty reduction. It may be possible to make policies toward developing countries more coherent, particularly when the goal is to promote a donor’s domestic interests. The challenge is whether policies can be made more coherent around the goal of poverty reduction in developing countries. It is an important challenge given that the number of people in the world living in poverty continues to grow at the same time that official financial transfers to developing countries have fallen. Ensuring that this aid is complemented by a set of “pro-poor” non-aid policies is a key task for donors committed to poverty reduction. A strong set of pro-poor policies outside the aid arena might be important to ensure that non-aid resource flows or initiatives are geared to poverty reduction.

## **Project background**

The North-South Institute (NSI) has long been an advocate of greater policy coherence in Canada’s relations with developing countries. Since its early studies on protectionism, trade and adjustment in Canada, it has drawn attention to the negative effects of trade policies on several of Canada’s aid beneficiaries. Other work has underlined the need to ensure policies on economic reform do not undermine the struggle for social development and gender equality.<sup>26</sup> In its submission to the Special Joint Parliamentary Committee Reviewing Canadian Foreign Policy in 1994, NSI called for a greater emphasis on policy coherence.

“We need to:

- Create structures within government to ensure greater coherence between our different policies toward developing countries, including the adoption of a country-strategy framework.

- Strengthen cooperation outside government between different development partners.”<sup>27</sup>

We advanced the idea of designing a “country strategy framework” that would bring together Canadian efforts in various areas, linking government policies that have differing mandates and objectives, including our aid program, our trade relations, our investment and debt relations, our political relations (e.g., involving human rights issues), and even our “people” (e.g., immigration) relations. The aim would be to review the impact of government policies on poverty alleviation in developing countries and to determine opportunities for their better integration.

The topic was subsequently raised in the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). In its 1997 annual report, amongst four priorities for 1998, the DAC highlighted “the need to bring development cooperation squarely within a coherent policy environment in relations between industrialized and developing countries, and a need to give development objectives far greater weight than at present.”<sup>28</sup> The DAC Guidelines on Poverty Reduction, adopted in 2001, included an illustrative checklist to guide government efforts to increase policy coherence.

### *Structure of the research*

The NSI study was designed to involve two parallel and complementary phases. The first was an overview of Canadian relations with developing countries, how these are managed, and to what effect. This Canada-based work involved desk research and interviews primarily with members of government as well as a smaller number of interviews with representatives of the private sector and non-governmental organizations (NGOs).

The second phase focused on specific developing-country experiences with Canadian foreign policy instruments. Field research in Bangladesh, Jamaica, and Mali examined details of Canada’s aid, trade, investment, financial, diplomatic, and other relations, and the dynamics associated with the differing mandates and objectives of each. This was the basis for an assessment of the overall impact of Canadian foreign relations on poverty reduction efforts in each country.

Country-specific questions included:

- How do non-aid policies affect Canadian anti-poverty efforts in developing countries?
- Do Canadian aid and non-aid policies complement each other and the efforts of local partners? And if so, how?
- What systems exist locally for enhancing the coherence of relations with donor countries in general and Canada in particular?

### *Canada-based research*

*Methodology.* In the Canada-based study, we carried out a literature review, a telephone survey “mapping” the international activities of all government departments and other public agencies, and a series of structured interviews with key policy makers and analysts in a number of departments.

*Types and numbers of people interviewed.* In total, some 40 people were interviewed in seven departments or agencies: CIDA, DFAIT, Finance, Environment, Health, the Privy Council Office, and the

Policy Research Secretariat. Their positions ranged up to deputy minister. All interviews were conducted on a non-attributable basis.

### ***Country case studies***

The country selection criteria included a range of issues: importance to Canada, importance of Canada, income levels, geographical balance, language balance, and the avoidance of special cases.

#### ***Bangladesh***

*Rationale for choice.* The choice of Bangladesh reflected the country's status for a number of years as one of the largest recipients of Canadian aid, and one where Canada is a relatively important donor. It is also one of the least-developed countries.

Fieldwork was undertaken in April-May 1999 and June 2000, when several interviews were organized first in Ottawa and then in Dhaka with representatives of the Canadian and Bangladesh governments, the NGO community, private sector, other donors, and intergovernmental agencies.

#### ***Mali***

*Rationale for choice.* Mali was chosen as a representative francophone country, being one of the larger francophone recipients of Canadian aid in Africa. While it ranked 17th among all countries in terms of Canadian bilateral aid, Canada ranked sixth among bilateral donors (in 1997). Mali was also of interest as it had been the focus of a major study of European Union (EU) aid. Finally, it is also a least-developed country.

Fieldwork took place in Ottawa from May to July 1999, and in Mali during August 1999. Some 70 people were interviewed, representing the Canadian and Malian governments, NGOs, other donors, and the private sector. The researchers also made a field trip to one of the poorest regions in Mali, where a Canadian company is involved in a gold mine.

#### ***Jamaica***

*Rationale for choice.* While Jamaica is a much smaller recipient of Canadian aid, Canada enjoys a leading presence with the fourth largest aid program, and strong non-aid relationships (immigration, investment, and trade). Fieldwork occurred in July 1999 in Ottawa and in September-October 1999 as well as January-April 2000 in Jamaica.

### **Structure of report**

This report presents the findings of the Ottawa-based research, which focused on the broader issues of policy coherence and poverty reduction, drawing as relevant from the country case studies, all of which are now available from NSI (on paper or electronically from the website at <http://www.nsi-ins.ca>). Section 2 presents a conceptual framework; Section 3 reviews how coherence has been addressed in other countries/organizations; Section 4 focuses on coherence in Canada; and some conclusions are drawn in Section 5. The results of all four reports from this Poverty and Policy Coherence project are integrated in the Executive Summary.

# 2

## The Concept of Policy Coherence

### Origins of the concept

The idea of policy coherence is not new though the terminology may be. It is the way in which it has been defined that has changed over time. Moreover, application of the concept and attempts to implement it have varied both over time and between countries or international organizations which have used the term.

The broadly defined concept of “policy coherence” in the context of development cooperation is a decade old. In a paper written for the OECD by Kiichiro Fukasaku and Denizhan Erocal,<sup>29</sup> the authors argued that the theme of policy coherence was one of the main issues confronting donors in the 1990s. With the blurring of domestic and international issues, governments could no longer overlook questions such as good governance, participatory development, military spending, migration, and trade in narcotics as they had during the Cold War.<sup>30</sup>

The coordination of non-aid policies with aid was now required for development cooperation to achieve the objectives of development and poverty reduction.<sup>31</sup> Failure to do so, it was believed, might pose a threat to developed countries because deteriorating economic and social conditions elsewhere could cause domestic and regional political instability. In turn, this would destabilize the international order. The aim of coherence was to ensure that successful developing countries became future partners integrated into the world economy on the same level as developed countries.<sup>32</sup>

Despite the recent emphasis on policy coherence, forms of policy coordination have been an issue for over 30 years in the development community. In the 1960s, policy coordination was considered essential for the effectiveness of national (i.e., developing country) government planning — interestingly this is similar to the approach of the World Bank in its Comprehensive Development Framework (CDF) introduced at the end of the 1990s (see Section 3). In the 1970s, the focus was on integrated development, in the 1980s on structural adjustment, and in the early 1990s on governance and democratization.<sup>33</sup>

While the issue of Northern governments’ policies was raised, it was primarily in the context of their development cooperation policies as they related to Southern government policy priorities. An exception was the suggestion in the New International Economic Order (NIEO) debates of the late 1970s that changes in Northern economic policies were essential to complement Southern development efforts.

But since the mid-1990s, there has been growing recognition of the need to go beyond the scope of traditional development cooperation policies and the Southern focus, although they remain key components. Today, the concept embodies the need to ensure, at best, that donors' aid and non-aid policies complement one another and those of the Southern governments or, at worst, that donors' aid and non-aid policies do not interfere with one another and the policies of recipients. The need for policy coherence in this broader sense has perhaps also been increased by the multiplicity of objectives now encompassed in development cooperation, going beyond poverty reduction to include political, social, cultural, and environmental aspects.

## Typologies of coherence

A major contribution to the definition of policy coherence has been made by a number of European researchers who have studied the development cooperation policies of the EU and European states.<sup>34</sup> These studies identify coherence at a variety of levels:

- coherence between development policies
- coherence between development and other policies (domestic, foreign)
- coherence between donor and recipient policies
- coherence between donors' development policies
- institutional coherence

According to one author, it is important to recognize that "policies are a function of conflict and debate within government organizations, and are subject to public pressures and contending political considerations. Policy outcomes rarely correspond to policy intentions."<sup>35</sup>

*Institutional* coherence, which concerns the institutions in charge of implementing official policies, involves both a vertical and a horizontal component.<sup>36</sup> *Horizontal* incoherence may result from the division of responsibilities between various aspects of development initiatives as well as branches of the same donor agency. One example is the division between the technical and geographical divisions within an agency. Another source of horizontal incoherence may reflect differences between the development-promoting institution and other foreign affairs institutions of the same government. Foreign affairs, by definition, cover a wide range of issues of which development is but one (see Section 3).

*Vertical* coherence refers to the relations between (i) domestic donor agencies and multilateral donor agencies and (ii) between the nexus of bilateral/multilateral donor agencies and the recipient countries. Multilateral agencies are subject to pressures from powerful states. This pressure is found in day-to-day activities where multilateral agencies perform coordinating functions within recipient countries. On the recipients' side, multilateral donor agencies may undermine the sovereignty of developing countries by collectively influencing recipient policies. Where they have no collective vision, donors may undermine national development efforts by requiring recipients to address contradictory demands.

According to Mark Robinson, coherent policy is impossible due to the variety of interests involved in development promotion. The more sceptical view holds that self-interests prevail over altruism while the less sceptical view maintains that implementation distorts policy intentions when sensitive issues are concerned.<sup>37</sup> The resulting incoherence may therefore be intended or unintended.



## Policy coherence and development assistance

Within the OECD, and particularly the Development Assistance Committee (DAC), the concept of policy coherence has become widely used. In earlier days, considerable emphasis was placed on the need for donors to coordinate aid policies, programs, and projects, both with each other and with recipient governments. But coherence of a broader range of policies (finance, trade, immigration, etc.) is now considered an essential complement. For instance, in 1996, the DAC produced an ambitious agenda in its *Shaping the 21st Century: The Contribution of Development Cooperation*. Besides setting goals in the areas of primary education, gender disparity in education, child and maternal mortality, reproductive health care, and environmental sustainability, this DAC policy document called for halving the proportion of people in extreme poverty by 2015.

The DAC recognized the importance of effective development partnerships if such goals were to be met, with developing countries being the starting point for organizing cooperation. Members also agreed to do more to ensure that their other policies reinforced their cooperation efforts.<sup>38</sup> More specifically, in its 1997 annual report, amongst its four priorities for 1998, the DAC highlighted “the need to bring development cooperation squarely within a coherent policy environment in relations between industrialized and developing countries, and a need to give development objectives far greater weight than at present”.<sup>39</sup>

These ideas were further elaborated in the *DAC Guidelines on Poverty Reduction* released in 2001. Besides addressing key issues such as improving relations with development partners and strengthening development strategies, it set out ways to enhance policy coherence, including an illustrative checklist for governments to consider in certain policy areas — trade and investment, international finance, food and agriculture, natural resources and environmental sustainability, social issues, and governance and conflict.

Finally, some of the ideas elaborated by the United Nations Development Programme (UNDP) in its 1999 volume on global public goods, are relevant to discussions of policy coherence.<sup>40</sup> Essentially the proposition is that international cooperation may be considered a form of public good, requiring mechanisms for collective action at the global level. But it will also require governments to consider international externalities when making national policies that might otherwise seem to have purely domestic effects.<sup>41</sup> With globalization, externalities are increasingly being borne or enjoyed by people in other countries. International cooperation must start at home, with governments ensuring first that they know the spillover effects of their policies<sup>42</sup> and second, that they take measures to minimize the negative and maximize the positive externalities.

This concept could be extrapolated at the national level to ensure that different departments take into account the externalities of their policies and programs. The UNDP report recommended that ministries with greater externalities, such as finance, trade, environment, health, and labour, develop a clear mandate for international cooperation and create a dual budget — one for domestic expenditures and one for international cooperation activities — though both sets of activities would be coordinated.<sup>43</sup>

Alternatively, development agencies and foreign affairs ministries could add global public goods accounts to traditional aid allocation.<sup>44</sup> This would be important also for generating a new funding source for financing international public goods rather than relying on traditional aid resources, which are normally targeted at the development concerns of recipient countries. (On the other hand, one concern might be that such accounting would diminish the flow of aid resources to developing countries, if donor governments were able to consider global public goods spending as aid.)

There has been considerably more discussion of policy coherence in an applied context, which is considered in Section 3.

# 3

## Current Applications

This section outlines the application of the concept of policy coherence. The primary focus is on the European Union and key countries of the OECD's Development Assistance Committee where its use has been more pronounced. In addition we refer briefly to other organizations (such as the World Bank and the World Trade Organization-WTO) where the concept has been introduced, even if sometimes following a somewhat different approach, as in the case of the World Bank's Comprehensive Development Framework (CDF).

### Policy coherence in the European Union

The EU's development cooperation activities pose the challenge of policy coherence in two ways. First is the coherence between the EU's aid policies and programs and those of each member state. Second is the coherence of various international activities of the EU. It is the latter that is of most interest to this report. The *sui generis* character of the EU and of its institutional structures makes it difficult to compare with other donors. However, the decision-making processes within the European Commission and its relations with other institutions may provide certain insights for countries like Canada.

#### *Coherence in the Treaty of Maastricht*

Prior to the 1992 Treaty of Maastricht that founded the European Union, the development cooperation policy of the EU and those of member states coexisted. In the areas of foreign trade and emergency aid, the European Community possessed exclusive jurisdiction. In the areas of development cooperation and food aid, the member states granted the Community the mandate to intervene but remained legally in charge.

The Treaty of Maastricht implied a contractual transfer of power to the Union level. Article C provides a legal basis for external policy coherence by stipulating that the external policies of the EU should be "consistent" with one another.<sup>45</sup> While the treaty is older than most references to policy coherence in OECD documents, all interpretations given to consistency in the EU have been in line with the DAC's definition of policy coherence.

#### *Decision-making structure of the EU*

There are three main institutions that participate in the decision-making process:

- The *European Commission* proposes policies that are submitted for approval to the European Council of Ministers representing member states' governments;
- The *European Council* is the actual decision-making body where proposals are put to a vote — there are different councils for different issues (e.g., one for external relations, one

for development). Depending on the issue, the majority of member states required to make a proposal binding under Community law varies from a qualified majority (e.g., trade and emergency aid) to unanimity (e.g., Common Foreign and Security Policy);

- The *European Parliament* is elected by universal suffrage and represents the public in European ridings. With respect to international development, the Parliament can request action on human rights on the part of the EU. As well, in budgetary matters, it has the power to allocate money to budget lines and to create new ones. This gives Parliament potential influence on development policy. However, the main EU financing instrument for development cooperation, the European Development Fund (EDF), is not under the jurisdiction of the Parliament. Parliament has established various committees to track and influence the work of the Commission and the Councils.

Since proposals for all EU policies emanate from the Commission, the initial locus of (in)coherence is the Commission, its directorates-general (DGs), and the commissioners at their head. Prior to the collective resignation of the Commission in mid-1999, five of 20 commissioners and three DGs had portfolios with a direct impact on development:

- **DG I/A:** Foreign political affairs;
- **DG I/B:** North-South relations;
- **DG VIII:** Development (dealing with African, Caribbean and Pacific signatories of the Lomé Convention).

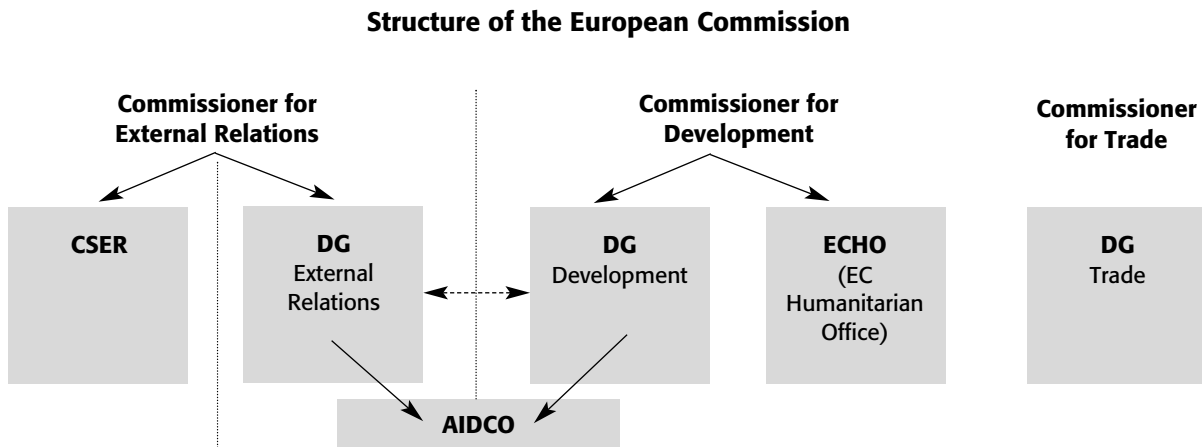
The absence of standard criteria and procedures to administer programs led to incoherent application.<sup>46</sup> Furthermore, these DGs did not devise and implement policy autonomously since the Commission could only propose policy approved by the Council. The EDF is under the jurisdiction of the Council. This points to a vertical relationship between the EU and its member states, with the EU being subordinate in the area of Official Development Assistance (ODA).

A new structure was introduced in late 1999, in which three commissioners were given portfolios with development cooperation implications:<sup>47</sup>

- The *Commissioner for External Relations* was responsible for coordination of all external policies, the Common Foreign and Security Policy, and EU delegations abroad. S/he was responsible for the DG for External Relations and the Common Service for External Relations (CSER, a separate directorate) created in 1998. In addition to its responsibilities for the ACP, the DG for External Relations took over the aid programs to Asia and Latin America, the Mediterranean, the former Soviet Union, and some European countries (e.g., Albania). Management of Community Aid (delivered by the CSER) to non-member countries was under the responsibility of the commissioner;
- The *Commissioner for Development* was responsible for development cooperation and humanitarian aid. S/he was responsible for the DG for Development and the European Community Humanitarian Office (ECHO), which oversaw the implementation of emergency humanitarian aid;

- The *Trade Commissioner* was responsible for trade policy and its instruments, and the DG for Trade.

The Commissioner for External Relations was expected to consult the geographical desks and obtain the agreement of the Commissioner for Development when dealing with Common Foreign and Security Policy (see the figure below for the structure of the EU Commission with respect to development cooperation).



The structure provided for coherence in policy-making to the extent that the Commissioner for External Relations was the focal point for all external relations activities. The CSER ensured institutional coherence in the operationalization of policy, except with respect to trade despite its importance for development. In addition, there were concerns about the separation of policy-making by the Directorate-General from policy implementation by the CSER. The lack of a common hierarchy also made monitoring, evaluation, and coordination difficult.<sup>48</sup> The Council, which remained responsible for final decisions, was the second principal forum where issues of consistency, or a lack of consistency, could be discussed.

As part of ongoing efforts to improve the Commission's efficiency, further changes were made in November 2000, when the EC adopted a new development policy, with poverty reduction as the central objective. Country strategy papers were to provide for the integration of aid, trade, and political dimensions. In January 2001, the EuropeAid Cooperation Office (AIDCO) was set up to harmonize aid procedures for all regions.

In June 2002, the EU made a more radical move to coordinate foreign policies when it decided to disband as of 2004 the Development Council, which had been in charge of monitoring EC poverty reduction efforts. Instead its work will be subsumed by a new General Affairs and External Relations Council. In parallel, some NGOs expected that the DG for Development might be merged into the DG for External Relations, and the Development Committee of the European Parliament might also be abolished.

While recognizing that these moves might help to rationalize and make EU external policies toward developing countries more coherent, initial responses from the development community have been quite critical. A particular concern is that the attention given to poverty eradication will diminish relative to external political, commercial, and security interests, and moreover that development cooperation would be defined in a framework dominated by these other interests.<sup>49</sup> Aid delivery will be managed by a separate agency, but aid policies will be set within the overall external relations framework — not within a distinct development cooperation framework. The disappearance of the Development Committee would further lower the visibility of development issues within the EU. In response, some groups have called for measures to strengthen the legal basis for development policy in the Convention on the Future of Europe. Another suggestion has been that the new General Affairs and External Relations Council commit to regular meetings focused exclusively on development policy.<sup>50</sup>

## **Policy coherence in the DAC countries**

As mentioned earlier, the OECD's DAC has sought for several years to promote coherence of its members' policies toward developing countries. The focus has varied from donor aid policies within a particular recipient country, to ensuring more consistency within individual donor agencies, and more recently to coordination of donor aid and non-aid policies.

The thrust of donor aid coordination is now on effective partnerships with recipient countries. Following a case study of Mali and broad consultations in others, in 1998 the DAC developed a series of partnership tests — such as pooling funds for sector support and untying aid.<sup>51</sup> Other studies have underlined how difficult it has been for countries to take ownership of their development programs.<sup>52</sup> Pressure to move further in this direction will accelerate with the implementation of the World Bank's Comprehensive Development Framework (CDF) and Poverty Reduction Strategy Papers (PRSPs) (see below).

The DAC has sought to enhance its members' commitment to poverty reduction by examining how far this is matched in each donor agency by “a coherent conceptualization of poverty and set of strategies for its reduction.”<sup>53</sup> The DAC *Scoping Study of Donor Poverty Reduction Policies and Practices* found that “poverty reduction goals and strategies must be mainstreamed throughout the agency if they are to translate into concrete benefits for poor people.” It identified four key factors for effective mainstreaming — positive incentives, agency organization, gender dimensions, and poverty-oriented monitoring and evaluation systems.<sup>54</sup>

Building on earlier work by the DAC's Informal Network on Poverty Reduction, in 2001 the DAC produced a set of guidelines on poverty reduction.<sup>55</sup> Besides advice on partnerships and aid programming, it set out several issues for policy coherence falling into seven broad areas:

1. foreign trade and investment;
2. food and agriculture;
3. natural resources and environmental sustainability;
4. governance;
5. conflict and security;

6. social issues; and
7. broad economic and financial issues.

It also underlined the importance of associated institutional changes. An illustrative checklist to encourage and assist OECD governments included both procedures for instituting a coherence system and a series of substantive items for policy review. The report noted that the appropriate procedures and relevant issues may vary from one country to another, and also that whatever is adopted needs to be constantly reviewed, as both policy contexts and issues can change rapidly, requiring different responses.<sup>56</sup> It underlined the scope for action and the key role that development agencies have in ensuring this takes place:

“Making policies coherent across government is a complex process. But there are ways in which much can be achieved. Examples are establishing a political mechanism, such as an interagency working group, for exchange and consultation within and across government ministries and departments; developing a government-wide policy brief on poverty reduction; systematically vetting legislation for its coherence with reducing poverty, and establishing cross-ministerial task forces for emerging issues, such as conflict prevention.”<sup>57</sup>

“Development agencies have an important role — as advocates for development objectives and for ensuring that mechanisms exist for achieving policy coherence in practice. These mechanisms for policy coherence would apply, of course, to both development and other national objectives. Formal sessions are an invaluable tool for improving coherence, but a culture of informal contact is also critical.”<sup>58</sup>

These guidelines have also helped to shape the DAC peer review of donors, with reviews now regularly including a chapter on policy coherence. In the evaluation of Canadian development cooperation in 2002, careful attention was given to its policy coherence efforts (mechanisms, trade and development, export credits, migration, foreign investment and aid untying).<sup>59</sup>

### ***DAC national mechanisms***

In a July 1999 report, the OECD’s DAC stated that it is “unlikely that an ‘ideal’ organizational framework for the DAC development cooperation programmes can be defined”.<sup>60</sup> Certainly, the management systems for development assistance vary across DAC countries, but the relation of ODA to foreign affairs remains a central element in each country.

Five basic models of ODA management systems can be delineated:<sup>61</sup>

1. *Integrated Ministry of Foreign Affairs:* This model is characterized by the “de-compartmentalization” of issue areas within the Ministry of Foreign Affairs. Development is not treated as a separate aspect of foreign relations but as an integral part of relations with regions or countries with ODA relevance. For each region, foreign relations, trade, and development can be coordinated to minimize incoherence. Countries using this model are Denmark and Finland.
2. *Development cooperation within the Ministry of Foreign Affairs:* In this model, the issue areas of foreign policy, trade, and development are distributed in different directorates with coordination taking place either horizontally between the directorates or at the head of the min-

istry (minister or minister's office). Countries using this model are Austria, Belgium, Ireland, Italy, the Netherlands, and New Zealand.

3. *Policy ministry with separate implementing agency*: This model comprises one lead ministry in charge of developing policy with an agency that implements policy decisions. The lead ministry is generally the Ministry of Foreign Affairs while the implementing agency is an aid agency. An alternative model is a Ministry of Development Cooperation in charge of policy with another agency in charge of implementation. With a Ministry of Foreign Affairs in charge, coherence is, in theory, better achieved by virtue of the co-ordination of the various dimensions of foreign policy. Countries using this model are Luxembourg, Norway, and Sweden.
4. *Autonomous aid agency*: In this model, there is one Ministry of Development Co-operation or one aid agency in charge of both policy-making and implementation. Coherence can be achieved through coordination with other ministries with international activities, or at the political level in cabinet or cabinet committees. Countries using this model are Australia, Canada, Germany, the United Kingdom, and the United States.
5. *Multiple ministries with separate implementing agencies*: In this model, different ministries take on different aspects of development cooperation. The basic configuration used by the OECD's DAC comprises the Ministry of Foreign Affairs with a central role, flanked by the Ministry of Finance and other ministries. In some cases, implementation is left to executing agencies that respond to the directives emanating from each ministry. Policy coherence can only be achieved through extensive contacts and dialogue horizontally, across ministries. At the operational level, the executing agencies may coordinate but remain bound by policy. Countries using this model are the European Union, France, Greece, Japan, Portugal, Spain, and Switzerland.

These models clearly constitute ideal types. The structure of any given country's Official Development Assistance (ODA) policy-making may call on different aspects of each model.

### ***Select DAC national models***

Of all member countries of the DAC, the following are of particular relevance to the Canadian case, for various reasons.

#### **United States**

The United States Agency for International Development (USAID) is the main instrument of the United States' bilateral aid effort. USAID is an independent agency and has primary responsibility for promoting sustainable development, providing humanitarian assistance on a bilateral basis, and managing bilateral aid programs and activities. The US aid program is also channeled through the Treasury (for multilateral development banks), the State Department (for UN programs and some refugee and humanitarian programs) and the Peace Corps (for the volunteer program). Food aid is budgeted by the Agriculture Department but, for the most part, managed and implemented by



USAID. The USAID Administrator reports directly to the Secretary of State, rather than the president as in the past, and the agency receives foreign policy guidance from the State Department.<sup>62</sup>

There have been various efforts to create coordination councils and communication linkages among the Treasury, the State Department, and USAID, dating as far back as the presidencies of Nixon and Carter. But these have proved inadequate. In particular, State Department attempts to foster coordination among USAID and other departments or agencies, have been undermined on occasion by the superior power and differing interests of the Treasury.

On the technical side, the major problem encountered is a logistical one, namely coordinating the large number of parties that are required to make a decision (as in the case of the working group on the World Bank Inspection Panel). The White House's Council on Economic Competitiveness coordinated meetings in the absence of a secretariat. Success in bringing together interested parties was due to the personal linkages, trust, and access to the President of the most senior participants.<sup>63</sup> The African Economic Opportunities bill (later known as the Africa Growth and Opportunities Act), brought before Congress in early 1999, was considered a "coup" and a "big interagency process."

### **United Kingdom**

The initial impetus for reform in the British aid machinery was a 1995 Senior Management Review which recommended delegation, decentralization, and the inclusion of non-aid development issues in the Overseas Development Administration (ODA).<sup>64</sup> In 1997 the British government proceeded to replace the ODA with a newly created Department for International Development (DFID). DFID is now under the ministerial responsibility of its own cabinet level Secretary of State and an Under-Secretary of State, instead of the Secretary of State for Foreign and Commonwealth Affairs who previously oversaw the ODA. As a result, there are now separate departments for foreign affairs and development cooperation, each responsible before a cabinet minister. A Commonwealth Development Corporation (CDC) serves as a financing and management tool for third-party investors.<sup>65</sup> DFID's responsibilities now extend to Central and East European countries and the Newly Independent States.

Several levels for ensuring coherence exist. In Parliament, a Select Committee on International Development was created in 1997 to hold hearings and issue publications and recommendations on ODA-related issues. In the Cabinet, the Secretary of State for International Development is a member of several ministerial committees including foreign affairs and defence, and two sub-committees on conflict and EU trade policy.<sup>66</sup> There is also an interdepartmental working group on development chaired by the Secretary of State and at which are represented other departments whose policies affect development. In other interdepartmental committees, DFID is represented independently, rather than through the Foreign and Commonwealth Office as in the past.

A DAC evaluation of British ODA stated that "within DFID the resources and mechanisms for seeking coherence and coordination both within the United Kingdom and in international discussions are being strengthened".<sup>67</sup> A unit focusing on international trade has been created, which has argued for paying greater attention to developing country concerns in the WTO. DFID has commissioned a considerable amount of research on trade and development linkages which has helped to

strengthen its policy interventions in the UK and the EU. The European Union unit of DFID is also focused on ensuring coherence and coordination with the EU. At the EU Council on Community development matters, it is the British Secretary of State for International Development who represents the UK.

There has been little evaluation of these recently created coherence mechanisms. From a structural point of view, however, the presence of the Secretary of State for International Development on a wide range of committees points to a comprehensive understanding of ODA and the scope for extensive interdepartmental contacts in determining policy. Nonetheless, this has not resolved all policy inconsistencies. For instance, in 2001 the Trade and Industry Secretary granted an export license for the sale of a military air traffic control system to Tanzania despite strong opposition from the development minister. To limit such occurrences in the future, sustainable development criteria were due to be written into the export control bill.<sup>68</sup> On export credits, the official export credit agency has introduced a set of environmental and social evaluation criteria. DFID is consulted on sensitive cases, and the International Development Committee has suggested it play a more systematic screening role.

Finally, mention should also be made of the UK Cabinet Office's Performance and Innovation Unit (PIU) which was created by Prime Minister Tony Blair in 1998,

“to improve the capacity of Government to address strategic, cross-cutting issues and promote innovation in the development of policy and in the delivery of the Government's objectives. The Unit is part of the drive for better, more joined-up Government. It will act as a resource for the whole of Government, tackling issues on a project basis, and focusing on long-term problems that cross public sector institutional boundaries.”<sup>69</sup>

The PIU reports directly to the prime minister. A recent project<sup>70</sup> sought to identify a coherent set of principles for comparing trade with non-trade measures for achieving social, health, and environmental objectives.

## **The Netherlands**

In 1995, the Dutch government undertook a “decompartmentalization” of foreign policy to improve policy coherence and ensure better coordination between the ministries involved in foreign policy matters. The *Aid in Progress* report of 1996 recommended the integration of aid policy into overall foreign policy by integrating ODA into the Ministry of Foreign Affairs (MOFA). Bilateral policy follows a thematic structure instead of a geographical one. Geographical desks are within thematic directorates-general rather than the reverse. There are four directorates-general within MOFA (as shown in the figure in Annex 3.1):

1. Regional and Country Policy (DGRB)
2. Political Affairs (DGPZ)
3. International Cooperation (DGIS)
4. European Cooperation (DGES).

Aid policy varies from country to country depending on the level of development, with emphasis being placed on programs rather than projects to ensure in-country coherence.<sup>71</sup>

There are five foreign policy priorities for ODA and implementation is the responsibility of several Directorates-General of MOFA. DGIS is responsible for developing policy for several themes of development cooperation and it assists the Directorate-General for Regional and Country Policy (DGRB) in developing medium-term regional programs. The DGRB plays a key role in ensuring coordination between all services of MOFA and other Dutch government departments. The decentralization of spending in 1995 to the field level has given embassies a larger role in aid management within the general guidelines being given from headquarters.

In the Cabinet, a Council of European and International Affairs was created in 1996 to foster coherence at a political level. The Council's membership varies according to the agenda but includes the prime minister (chair) and the Ministers of: Foreign Affairs (coordinator), Finance, Economic Affairs, Netherlands Antilles and Aruban Affairs, and Development Cooperation as well as the state secretaries of Foreign Affairs and Economic Affairs.

Most of the recipients of Dutch aid are poor and consequently are not of commercial interest.<sup>72</sup> This may prove to be conducive to coherence in that development policy does not have to accommodate Dutch national economic interests in the Netherlands' dealings with developing countries.

## **Norway**

Reform in the Norwegian ODA structure came early in the 1990s with a 1992 White Paper (entitled *Trends in North-South Relations and Norway's Cooperation with Developing Countries*), with further changes introduced in the late 1990s.<sup>73</sup> Norway's North-South and aid policies are shaped by an intense dialogue between the government represented by the two Ministers of Foreign Affairs and International Development and Human Rights and the Norwegian parliament (*Storting*). The *Storting* dominates this policy dialogue and its resolutions on government White Papers are binding on the government. ODA is integrated in the Ministry of Foreign Affairs.

There are four components of Norwegian ODA:

- Overall policy (development, foreign trade) is developed in the Bilateral Affairs Department of the Ministry of Foreign Affairs, though the Norwegian Agency for Development Cooperation (NORAD) which is a directorate of the ministry, has assumed greater responsibility for formulating country strategies and for policy dialogue with partner countries. All departments report to both the Foreign Minister and the Minister of International Development and Human Rights. NORAD offices are integrated with embassies at the field level, with staff interchange and joint training being encouraged. NORAD and the ministry share in the implementation of development cooperation with NORAD administering bilateral and long-term assistance while the ministry administers multilateral aid, humanitarian assistance, and emergency relief. Relations with the Multilateral Development Banks and United Nations agencies are addressed by the ministry's Multilateral Department. They are also under the responsibility of the development minister.

- Emergency relief (except in Europe) is the responsibility of the Department for Human Rights, Democracy and Humanitarian Assistance, and in turn of the development minister.
- Relations with NGOs are institutionalized, with some 80 organizations receiving funding from NORAD and the Foreign Affairs Ministry for their longer-term development work and emergency aid. The government has set up a consultative framework with NGOs and the business community to address coherence on human rights issues in developing countries.

## Policy coherence in other multilateral organizations

The issue of coherence has been raised within the context of the international economic regime on several occasions and in various ways.

The Canadian House of Commons Standing Committee on Foreign Affairs and International Trade (SCFAIT), in its report on *Canada and the Future of the WTO* noted:

“the need to rethink existing approaches to global economic management, both to preserve an appropriate scope for democratic policy choice within countries, and to begin to construct a coherent and accountable institutional ‘architecture’ among nations that is capable of achieving the multilateral cooperation that is now vital in so many areas. The WTO, the International Financial Institutions, and the United Nations system, however flawed and in need of reform in each of their parts, must begin to work together more closely in order to coordinate a process of institutional improvements to the multilateral system as a whole.”<sup>74</sup>

Similarly, the UN’s *Human Development Report* 1999 noted that “global decision-making still lacks coherence and geographic balance, with key decisions being made in different bodies and no clear mechanism to bring the elements together.”<sup>75</sup>

The SCFAIT urged Canadian leadership in advancing constructive ideas in this regard, while suggesting that Canada’s own international policy instruments would also benefit from more coordination and coherence: “The Committee agrees that Canada will hardly be in a position to advance an agenda within the WTO or elsewhere calling for greater coherence in international governance structures and processes if we ourselves have not put in place a coherent approach to the foreign and domestic policies that are needed to respond to the challenges of globalization.”<sup>76</sup>

A Swiss proposal noted in particular that one of the objectives in the new trade round should be to foster coherence at the national and international levels between trade policies and other policies interacting with trade; coherence should involve a review of the relationship between trade and the environment, finance, development, and transparency.<sup>77</sup> At the WTO High Level Symposium on Trade and Development in March 1999, Pakistan and Indonesia called for “coherence in macroeconomic policies and renewed international development cooperation.”<sup>78</sup> The UK noted “the importance of poverty alleviation and the need for integration of trade policies into a wider set of development policies.”<sup>79</sup>

Writing on “The Coherence Deficit” in 1999, economist Sylvia Ostry observed that pressure on the WTO to work more closely with the Bretton Woods Institutions had led to agreements with the

International Monetary Fund (IMF) in 1996 and the World Bank (1997) on a number of process issues (attendance at meetings and exchange of information, etc.) rather than in any substantive progress.<sup>80</sup> Following the Asian crisis, considerable attention was given to the issue of IMF and World Bank coherence in the strengthening of the international financial architecture — but much less to the overlap with the WTO’s current and future agendas.

At Doha in November 2001, WTO members decided to create a working group on trade, debt, and finance, to consider steps which the WTO might take that would contribute to resolving developing countries’ debt problems, and how to protect the trading system from the effects of financial and monetary instability.<sup>81</sup> At Monterrey, in March 2002, the consensus document underlined the need for the UN, the World Bank, the IMF, and the WTO to address issues of coherence, coordination, and cooperation in the international monetary, financial, trading, and development systems, while recognizing that governments needed “to continue to improve our domestic policy coherence through the continued engagement of our ministries of development, finance, trade and foreign affairs, as well as our central banks.”<sup>82</sup> To date, there have been a number of meetings to discuss collaboration between the four institutions, with a high level meeting being planned for April 2003 of ECOSOC, the WTO, the IMF, and the World Bank. A key issue will be how to shift the focus of coherence from the earlier, narrow focus on macroeconomic stability to an emphasis on poverty reduction and the achievement of the Millennium Development Goals.

Finally, mention should be made of the frameworks being used by the World Bank and many donors in order to promote policy coherence at a national level in developing countries. In the late 1990s, the Bank introduced the Comprehensive Development Framework (CDF) which sought to provide a more inclusive picture of development, to ensure the coherence of policies and programs in developing countries. It recognized that there must be coherence between the macroeconomic and financial aspects of development, on one hand, and the structural, social, and human aspects on the other.<sup>83</sup> It was also intended to promote developing-country ownership of their development programs in conjunction with the international development community, civil society and the private sector.<sup>84</sup> The key elements in a CDF are shown in Table 3.1.

**Table 3.1: Prerequisites for Sustainable Growth and Poverty Alleviation**

<b>Structural prerequisites</b>	<b>Human and social prerequisites</b>	<b>Physical prerequisites</b>	<b>Specific sectors and strategies</b>
Good and clean government	Education and knowledge institutions	Water and sewerage	Rural strategy
Effective legal and justice system	Health and populations issues	Roads, transportation, and telecommunications	Urban strategy
Well-organized and supervised financial system		Sustainable development, environmental, and cultural issues	Private sector
Social safety nets and programs			Special national considerations

Each of these prerequisites and sectors implied the participation of more than one actor. The players identified by Wolfensohn were: governments (national, state, city, municipal, regional), multilateral and bilateral agencies, civil society in all its forms, and the private sector (domestic and foreign).<sup>85</sup> The aim was for the CDF to become a tool in greater coordination, transparency, and partnership. It may be that a matrix approach, similar to the CDF, would help to ensure greater coherence in the increasingly complex web of Canada's interactions with developing countries, which is discussed in the following section.

Since 1999, there has been increasing attention to national Poverty Reduction Strategy Papers (PRSPs), raising questions about the continuing significance of the CDF, and countries' capacities to engage in both. The following matrix sets out the PRSP-CDF relationship as seen by the Bank. It underlines that the PRSP is only one element — even if a key one — within the broader and longer-term framework of the CDF. Nonetheless, a recent assessment by the Bank itself suggests that it has been difficult to maintain the focus on the CDF.

“The introduction of the PRSP has helped to promote the formulation of country strategies that are comprehensive in analysis and balanced in addressing macro, social and structural issues. However, fewer than half of these countries have medium-term strategies well anchored on long-term strategies. ... The process of strategy formulation is often still dominated by short-term macroeconomic needs, and often fails to achieve a balance in addressing macroeconomic, social and structural issues.”<sup>86</sup>

Factors identified as contributing to this problem included the tight time-lines for dealing with debt problems, limited national planning capacities, and bilateral/international agencies' reluctance to align their strategies with those of partner governments.

**Table 3.2: The CDF Matrix**

UN Country assessment; other → assessments reviews	Long Term ↔ holistic vision	Country ↔ ownership	Partnership ↔	Development results ←	← International development goals
		▼▼▼▼▼	▼▼▼▼▼		
	Structural/ ↔ institutional	Social/ ↔ human	Physical/ ↔ rural/ urban	Macroeconomic/ financial	
Government					→ MTEF; PRSP
Private sector					→ Investments
NGOs/CSOs					→ Business plan
Bilateral partners					→ Business plan
UN partners					→ UNDAF
RDBs					→ Business plan
World Bank					→ CAS
IMF					→ PRGF
EU					→ Indicative program

MTEF – Mid-term Expenditure Framework prepared by the government

UNDAF – UN Development Assistance Framework

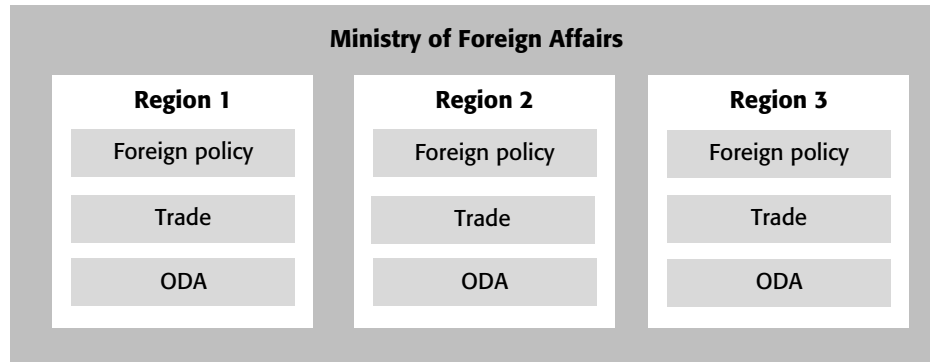
CAS – World Bank Country Assistance Strategy

PRGF – IMF's Poverty Reduction and Growth Facility

Source: CDF-PRSP Link, at <http://www.worldbank.org/cdf/overview.htm>, consulted November 13, 2002

## Annex 3.1: Five Typical Models

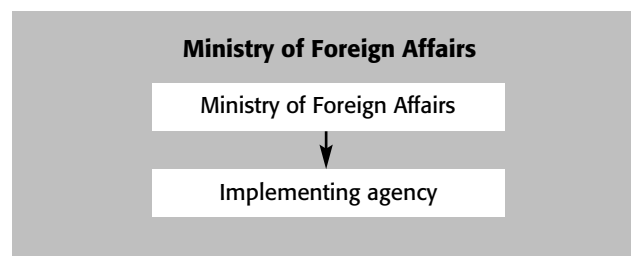
### Integrated Ministry of Foreign Affairs (Denmark, Finland)



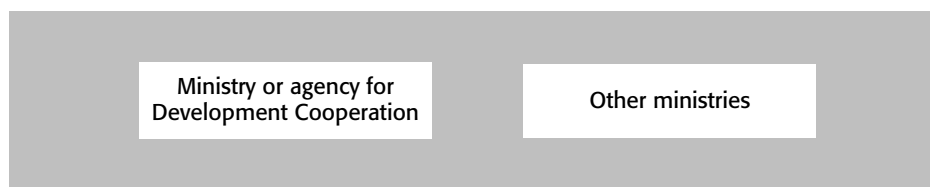
### Development cooperation within the Ministry of Foreign Affairs (Austria, Belgium, Ireland, Italy, the Netherlands, New Zealand)



### Policy ministry with separate implementing agency (Luxembourg, Norway, Sweden)

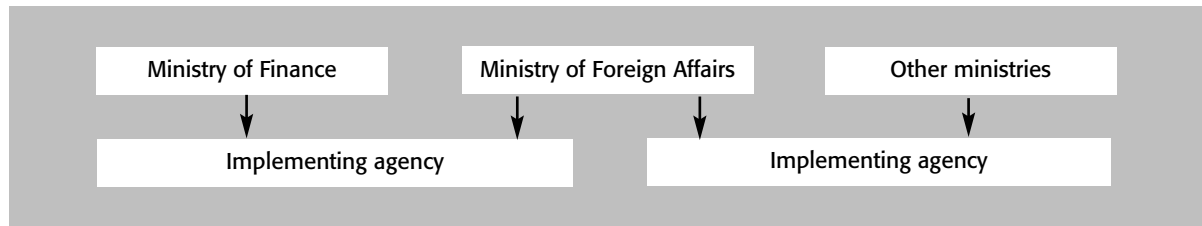


### Autonomous aid agency (Australia, Canada, Germany, United Kingdom, United States)



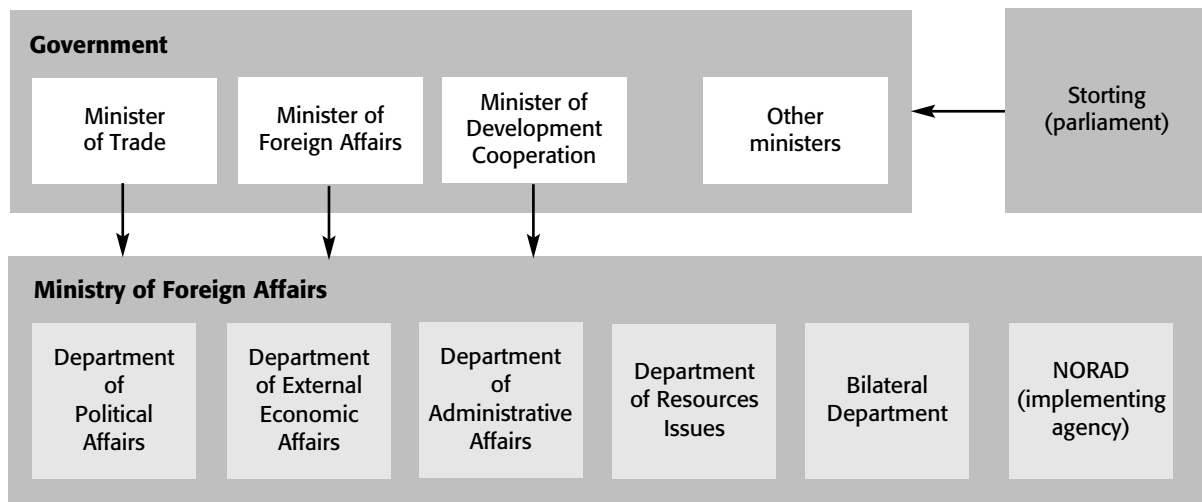
### Multiple ministries with separate implementing agencies

(European Union, France, Greece, Japan,<sup>87</sup> Portugal, Spain, Switzerland)

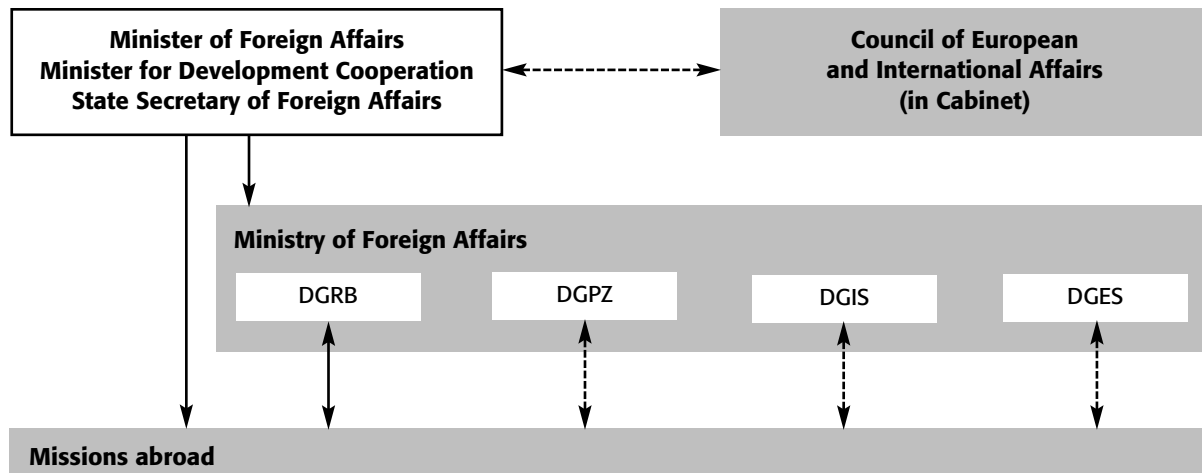


## Annex 3.2: Select DAC Country Models

### Norway



### The Netherlands





# 4

## Policy Coherence in Canada

### ***Canada in the World* and Canadian foreign policy**

Canada's development cooperation policy has undergone a number of reviews since the Canadian International Development Agency (CIDA) was created in 1968. During this time, CIDA's relationship with the Department of Foreign Affairs and International Trade (DFAIT, formerly the Department of External Affairs or DEA) has changed and been the object of ongoing debate.<sup>88</sup> Because foreign affairs cover a wide range of issues, including development, the CIDA-DFAIT relationship is particularly important to the issue of policy coherence.

The most recent review of Canadian foreign policy occurred in the mid-1990s with hearings of the Special Joint Parliamentary Committee reviewing Canadian foreign policy held in 1994. Following the publication of its report, the Canadian government tabled its official statement on Canadian foreign policy, *Canada in the World*. It set three objectives for Canada's foreign relations:

1. The promotion of prosperity and employment;
2. The protection of Canadian security within a stable global framework; and
3. The projection of Canadian values and culture in the world.

In principle, *Canada in the World* is intended to provide a clear policy framework for all of Canada's international activities. Government departments can turn to it for guidance when planning activities beyond Canadian borders to ensure that they are coherent with Canada's foreign policy. Department policies, programs, and projects can be developed and evaluated in light of the three foreign policy objectives. In practice, however, *Canada in the World* does not always inform the activities of DFAIT, CIDA, or other departments.

Chapter IV of the foreign policy statement was written with CIDA. It identifies development cooperation as a key instrument of foreign policy that serves national objectives of prosperity, stability, and security. The Canadian government pledges to support sustainable development as a means to reduce poverty by focusing ODA on six priority areas:

1. Basic human needs;
2. Women in development;
3. Infrastructure services;
4. Human rights, democracy, and good governance;
5. Private sector development; and
6. Environment.

But it is not clear that these six goals sit comfortably with Canada's national interests as defined in *Canada in the World*. The associated tensions lie at the heart of the policy coherence debate between CIDA and DFAIT. They have also created some confusion for other government departments (OGDs) attempting to operate internationally, whether independently, with CIDA, with DFAIT, or with both. From 1995, the creation of a Global and Human Issues Division in DFAIT, and then DFAIT's adoption and active promotion of a human security agenda further exacerbated tensions.

## **Government institutional structures**

The Canadian parliamentary system is based on the Westminster model. Executive power rests in the hands of Cabinet whose members also sit as part of the legislative branch in Parliament. There are currently no formal structures requiring any aspect of foreign policy to be coordinated with other government departments' policies. From a formal point of view, the best prospects for policy coherence reside in the role of the central institutions of the government:

- Prime Minister's Office (PMO);
- Privy Council Office (PCO);
- Minister's Office; and
- Cabinet.

Whether decision-making is centralized, decentralized, or collective depends on the leadership style of the prime minister. In recent years, the role of the prime minister has acquired importance due to the blurring of the distinction between domestic and foreign policy. Given the emphasis placed on employment and growth domestically and the outward orientation of Canada, there has been an increase in prime ministerial involvement in foreign and trade policy.

The PMO possesses staff and research resources unavailable to ministers' offices. The appointed nature of its members ensures that the prime minister's policy orientations will be followed when the staff selects the files to be brought to his attention.<sup>89</sup> According to Donald J. Savoie, the formal autonomy of the ministers of development or foreign affairs is not sufficient to press a foreign issue successfully. The prime minister's intervention can be essential as illustrated in the 1997 success of the international anti-personnel landmines ban.<sup>90</sup>

The PCO reports directly to the prime minister and is headed by a clerk, who is also secretary to the Cabinet. PCO is both a Cabinet secretariat and the prime minister's source of public service advice across the entire spectrum of policy questions and operational issues facing the government. PCO can play a role in coordination because it is a focal point for gathering and processing information into overall government policy.<sup>91</sup> Along with the PMO, PCO is the second stream of information to the person of the prime minister. But its limited capacity and relatively small team prevent PCO from effectively performing this task across all government departments. Unless development cooperation is a major priority of the prime minister and his/her office, policy coherence is unlikely to receive much attention from PCO.

A minister's office typically enjoys autonomy in fulfilling the mandate of the department. Ministers are chosen by the prime minister on the basis of the orientation they are likely to follow during their mandate. Coherence can be achieved at the ministerial level if ministers coordinate their respective

departmental policies with one another or in Cabinet meetings, taking into consideration the mandate of other departments. In the absence of PCO's active initiative to coordinate all departments, it is up to each department to inform others of its international policies and activities.

From a structural point of view, it is necessary to raise the issue of policy coherence and poverty reduction *at the political level*. The involvement of the political centre in an issue can provide an impetus for other levels to establish coordination practices that aim at policy coherence. A number of officials interviewed at the director and director-general levels suggested that issues of coherence be brought to the attention of the minister for maximum effect. The same recommendation could apply to the prime minister (via the PMO and/or PCO), though time constraints limit the number of such issues s/he may address.

## **Canadian literature perspectives**

Current analyses on the role of development assistance in Canadian foreign policy centre primarily on the relationship between CIDA and DFAIT, and the declining ODA budget. The works of academics Cranford Pratt, of the University of Toronto, and David Morrison, of Trent University, make up the core of these analyses.

### ***CIDA-DFAIT relations***

Debates about who should be the lead in ODA policy-making are shaped by the original intent underlying the creation of CIDA. According to Cranford Pratt, CIDA's first president, Maurice Strong, "did not want CIDA to be a public corporation, or a separate ministry, or a branch within what was then the Department of External Affairs (DEA)."<sup>92</sup> Instead CIDA was created as an agency of the DEA whose president had the status of under-secretary of state responsible to the Secretary of State for External Affairs. This framework determined the extent of policy coherence by creating a necessary link between aid and other foreign policy concerns under DEA responsibility.

Furthermore, the under-secretary rank of the CIDA president meant that her/his administrative decisions could not be overruled by DEA officials. As well, once approved by the secretary of state, decisions of the CIDA president were unlikely to be overturned by Cabinet. There was a *de facto* recognition of the autonomy of the secretary of state and her/his department. With the proliferation of international activities on the part of OGDs, however, the autonomy of departments can become a source of incoherence.

For years, CIDA was not formally a part of any interdepartmental committee. CIDA's contribution to policy took place in *ad hoc* meetings with the DEA.<sup>93</sup> Within the structure CIDA had operational autonomy but responsibility for policy coherence rested in DEA because the Secretary of State could in theory verify that CIDA's activities were coherent with the broader foreign policy.

In spite of formal subordination, CIDA was able to expand its policy and operational autonomy by bureaucratic means. Gains were limited and temporary and no changes were made to the institutional framework to specify how CIDA and DFAIT must relate. In the 1980s, CIDA was described by one of its presidents as a policy-taker rather than a policy-maker.<sup>94</sup>

In 1989, new CIDA president Marcel Massé proposed to make the agency into a “powerful policy-making and implementing body, responsible to the Secretary of State, operating within boundaries broadly set by the government, sensitive to political and foreign policy objectives that were important to the government but largely free of detailed overview by External Affairs.”<sup>95</sup> The aim was to take “a more ‘horizontal’ approach by working to influence government policies.”<sup>96</sup> But the plan was also controversial because it sought to move CIDA away from project-based activities toward policy in line with structural adjustment programs of the IMF and the World Bank.<sup>97</sup>

When *Canada in the World* was published in 1995, ODA was subordinated to the three foreign policy objectives that made prosperity, security and promotion of Canadian culture and values the main themes of the foreign policy statement. The creation of the Global and Human Issues Bureau in DFAIT in 1995 expanded the scope of the department’s action, creating overlaps with CIDA’s development mandate. A joint CIDA-DFAIT committee chaired by the deputy minister of foreign affairs was created to oversee the systematic policy coordination of the two departments to guarantee the greatest possible coherence and synergy.<sup>98</sup>

The introduction of the concept of human security shortly after the publication of *Canada in the World* raised the profile of policy coherence. Policy coherence was made necessary by the broadening of the range of issues with which foreign and development cooperation policy were now concerned. In *Canada in the World*, security was defined in more traditional ways. National security was seen to be dependent on a politically and economically stable international order.<sup>99</sup>

Elements of human security can be found in Chapter VI of *Canada in the World* on the role of international assistance in the form of four of the six priorities of Canadian ODA. With the broadening of the definition of security and threats to it, both ODA and foreign affairs began to intersect with the activities of more government actors than was previously the case.

Whereas the international activities of OGDs had been considered separate, they now became crucial because of their impact on poverty reduction, human security and coherence. Indeed, the 1990s have seen an exponential expansion of OGDs’ international activities and a blurring of the domestic/foreign policy divide. Instead of responding to crises in an ad hoc manner, the government began to seek coherent approaches that relied on the know-how of all departments.<sup>100</sup>

### *Declining ODA funding*

Like many other countries, Canada faced fiscal difficulties in the 1980s and 1990s. In an attempt to resolve them and downsize the public sector, the Canadian government made budget cuts across most government departments. These cuts particularly affected ODA (nearly 40 per cent of CIDA’s budget). Together, the broadening of the foreign affairs agenda and the cuts created additional obstacles to policy coherence in the form of inadequate personnel and financial resources, whilst at the same time making it all the more urgent. Several programs were cut drastically in fiscal year 1996/97: targeted multilateral technical aid (10 per cent), food aid (23 per cent), geographical branches (17 per cent), industrial cooperation (10 per cent), voluntary sector (21 per cent), international NGOs (52 per cent), domestic NGOs (15 per cent), and Canadian public education NGOs (100 per cent). The Public Participation Program was abolished.

The fact that some areas of ODA were more seriously affected by budget cuts than others suggests that the downsizing process was used to make policy.<sup>101</sup> Budget cuts did not affect only programs and projects. At the administrative level budgets cuts meant fewer resources available to carry out coherence-related tasks, though not all methods for coordinating policies required additional personnel and financial resources.

## **Interviews**

The interviews conducted during this study revealed that coordination takes place through formal and informal contacts. With respect to ODA, the main actors are CIDA and DFAIT with an increase in the relevance of OGDs in the last few years. OGDs have developed ties with foreign and developing countries and they have engaged in more activities with them than has ever been the case.

This sub-section deals with the relations between CIDA, DFAIT, and OGDs as seen from the perspective of those involved. It follows the internal and external dimensions of coherence identified in Section 2. It identifies sources of friction (mandates and funding), coordination mechanisms in use, and some suggestions made by the interviewees.

### ***Internal coherence***

In the context of Canadian ODA, internal coherence has three dimensions:

- The coherence of CIDA's activities;
- CIDA's mandate to represent developing countries' interests vs. domestic pressures to represent Canadian interests; and
- Programs and projects required vs. lack of funding (budget cuts).

### **Coherence of CIDA activities**

Most comments on the lack of coherence of CIDA's activities were from interviewees in DFAIT or OGDs. A number of respondents questioned whether some CIDA branches' operations were coherent with the overall mission of the agency, but this was not a widely held view. Of particular concern, in this respect, was the fact that CIDA's many programs in a wide range of countries were not conducive to coherent policy.

There are several lines along which policy may be incoherent. First, the fact that there exist geographical desks in CIDA appears incoherent for someone looking at policy from an issue-based perspective. Departments like DFAIT and Environment Canada, for example, operate on the basis of issues like anti-personnel landmines or climate change and adopt the same approach with partner countries.

While CIDA has a central Policy Branch, the geographical desks play an important role in developing policy on the basis of regional or local conditions. The Country Programming Frameworks and Regional Programming Frameworks serve as bases for policy in a particular area. By contrast, the intervention of other departments in the same area would follow the blueprint used in other coun-

tries or regions. But even for CIDA staff Country and Regional Programming Frameworks may sometimes prove too rigid because they cannot cover all of the Agency's activities in a country or region.<sup>102</sup>

One interviewee used the image of "internal stovepipes" to illustrate the relationship between the activities of the multilateral, geographical, and policy branches.<sup>103</sup> In responding to recipients' needs, CIDA devises policies that may be incoherent. But another person at CIDA told us that the geographic orientation of the Agency is a misperception because not all parts are in fact geographically organized. In the Partnership, Multilateral, and Policy Branches, CIDA functions by theme.<sup>104</sup>

One person suggested that when CIDA developed policy as a single entity, it was according to the "slowest" common denominator because of the diversity of perspectives (geographical, multilateral, policy) that had to be considered in a context of collegiality.<sup>105</sup>

There were concerns about a fundamental value of CIDA's policies and programs: ownership. According to that view, CIDA had become a demand-driven agency committed to ownership by the aid recipients. CIDA wanted to move away from a top-down approach to policy-making and programming. To make its policies coherent the world over or within a given country, it would have had to refuse requests formulated by the recipients.

For instance, the geographical desks could draw up a policy that may be appropriate for one country or region but not for another. In addition, requests for aid on the part of a recipient could contradict CIDA's focus on a cross-cutting theme that it normally ought to have considered in all its programming. For example, one interviewee asked: "How do you decide between a nuclear plant and a coal-fired plant when a recipient needs energy?" One allows it to address a key concern of the government (climate change) while the other provides energy more cheaply if that is what the recipient requests.

### **Domestic pressures**

As a government agency CIDA is subject to the same domestic pressures as the rest of government. From the beginning, CIDA officials have seen their task as one to represent the interests of developing countries to Canadians and their government. Changing domestic circumstances mean a changing environment for CIDA to navigate. Pressures emanate both from the NGO community and the private sector in search of commercial opportunity. In addition, there are expectations on the part of the Canadian public that government should serve Canadian interests.<sup>106</sup> CIDA is often in a situation where trade-offs have to be considered.<sup>107</sup>

The most consistent complaint about domestic pressures revolved around the private sector. The linkages between the private sector and development have been addressed in the context of aid tying. The OECD has pushed for the elimination of aid tying because it can be used as a way to promote exports of national products when an open bidding process for procurement for a project may result in a better cost-benefit ratio. While the principle of eliminating aid tying is well-established, the Canadian private sector turns to CIDA for help in breaking into developing country markets. As one CIDA official put it: "There is a perception that CIDA is here to aid and abet Canadian industry to

get jobs.” In his view, the Agency seemed to be too closely involved with certain influential Canadian companies.<sup>108</sup>

One of CIDA’s axes of development was the promotion of the private sector in developing countries through direct assistance to private sector companies and the facilitation of an enabling environment.<sup>109</sup> However, the Canadian private sector saw private sector development as a mechanism for developing the Canadian market.<sup>110</sup> In some regions, CIDA’s programming was more about assisting developing countries to create a free market domestically and integrate into the world market than about aid. In Africa, for example, Canadian companies turned to CIDA because the Export Development Corporation (EDC, now known as Export Development Canada) was underrepresented (with only one agent at the time) and Canadian banks would not finance exports.<sup>111</sup>

The possibility that developing countries eligible for CIDA programs might become future trading partners was a view that some CIDA officials shared.<sup>112</sup> It became more transparent when a CIDA interviewee suggested that Canada work with “sunrise” rather than “sunset” industries. In his view, CIDA ought not to be used to promote ailing Canadian industries, but the promotion of “rising” industries did not seem problematic. He nevertheless suggested that if the private sector were to be used to achieve poverty reduction, questions would need to be asked about how to do it and what tools were necessary.

Further questions were raised about how CIDA as a whole related to the CIDA Industrial Cooperation program (CIDA INC). One interviewee questioned the presence of CIDA INC within the Agency on the grounds that its mission was very similar to that of the EDC. Although CIDA was supposed to maintain a development focus in Canadian exports to developing countries, CIDA INC faced additional pressures. As a result, the development mandate could be lost when CIDA became a promoter of Canadian industry. One contributing factor may have been that CIDA INC personnel was essentially composed of trade officers not necessarily familiar with the conditions of the countries in which they promoted Canadian business. As a result it was possible that a technology might be promoted which was inappropriate for a given country. Without oversight from either the corresponding geographical desk or Policy Branch, coherence could not be monitored.

What was lacking in CIDA and the Canadian government as a whole was a mechanism for dealing with business pressures specifically. One interviewee suggested that the criticisms about CIDA’s too-close-for-comfort relations with the private sector were exaggerated but that there was a need for safeguards against influences that conflict with CIDA’s development mandate. Such a mechanism should exist outside of CIDA so as to cover the entire range of government policy.<sup>113</sup>

CIDA’s role of educator and transmitter of developing countries’ views to Canada was met by resistance and appeared to have been constrained by domestic interests. In at least a few cases, Canadian companies had come to CIDA for ways to minimize the “social liabilities” of their projects rather than for direct promotion.<sup>114</sup>

## **Lack of funding**

A constant source of frustration for CIDA was the lack of funds available given the extensive involvement of the Agency around the world. Funding was a major problem that lay beyond the reach of CIDA officials. It was problematic for CIDA's own internal functioning and its relations with other departments. The discrepancy between the goals stated and the sums allotted was another aspect of internal coherence.

In the second half of the 1990s, many programs that might have had a prior *raison d'être* were reduced or eliminated, resulting in a negative effect on the goal of poverty reduction. In terms of needs, there was still a justification for CIDA involvement. Moreover, there was a concern that in light of cuts to its budget, CIDA might have been spreading itself too thin by trying to remain active in the same range of countries.<sup>115</sup> While other donors focused on a few countries only in which they were very involved, CIDA's range of countries eligible to receive Canadian ODA remained quite broad. The overall coherence of CIDA policies was negatively affected by its having to respond to requests made by widely different countries even if each intervention was in itself beneficial.

## ***External coherence***

The results of interviews conducted with government officials in a variety of departments centred primarily on three issues:

- Mandates;
- Resources, especially funding; and
- Coordination mechanisms.

External coherence was looked at from these three perspectives. The tensions that existed between departments and agencies might have derived from differing mandates or, when there was mandate compatibility, from differences in access to resources for program and projects. Finally, coordination mechanisms currently in use were both formal and informal, with a predominance of the informal type.

The interviews revealed contradictory aspects of relations between CIDA, DFAIT, and OGDs. There were real tensions and frustrations expressed by officials in different departments concerning their interaction with CIDA. Generally, however, there was an awareness of the different mandates of government departments, including the domestic versus foreign orientations of those mandates. Other sources of tensions raised were access to programming money, turf wars, and personality conflict (at the bureaucratic and political levels).

## **Mandates**

The policies of key departments in principle followed the departmental mandates outlined in Annex Table 4.1. There has been an increasing focus on international activities, many of them involving developing countries, as a way of fulfilling domestic mandates. The introduction of sustainable development strategies in nearly all departments has also encouraged more international engagement.<sup>116</sup>



When it comes to Canada's relations with foreign countries, one of our interviewees in DFAIT said that DFAIT was a department with several bosses:<sup>117</sup>

- Foreign Affairs minister;
- International Trade minister;
- International Cooperation minister;
- Secretary of State for la Francophonie;
- Secretary of State for Asia-Pacific; and
- Secretary of State for Africa and Latin America.

This list indicates the nature of DFAIT as the umbrella organization. However, there remains room for both internal and external coherence. Internally, the mandates of Foreign Affairs and that of International Trade may occasionally clash but the existence of a single department has allowed for a better integration of the two mandates with minimal contradiction<sup>118</sup> while differences between secretaries of state can be adjudicated by ministers.

The most direct criticism of the lack of coherence between foreign policy and Canadian development cooperation came from one DFAIT official who stated that "CIDA is not the foreign ministry for relations with developing countries".<sup>119</sup> In his view the current relationship between CIDA and DFAIT did not conform to the Foreign Affairs Act or the foreign policy statement of the Government of Canada, *Canada in the World*. Despite the 1994 foreign policy review making development assistance an instrument of foreign policy, in practice DFAIT had not been given the lead in determining policy vis-à-vis developing countries. In his view, foreign policy should have been the primary concern even when dealing with developing countries, although most interaction might take place over aid-related issues. Similarly, where commercial and trade relations predominated, the Foreign Affairs part of the department remained in charge.

Tensions did not always indicate a lack of understanding of the respective mandates. Indeed, most interviewees were quick to point out that mandates governing their department's activities differed from those of others, including CIDA. It was clear that the mandates governing CIDA and DFAIT were different and that the lack of an enforced overarching mandate and attendant policy was partly the cause of friction.<sup>120</sup> One of the solutions suggested to the problem of the conflicting mandate was to give DFAIT exclusive responsibility for policy-making toward all countries and to convert CIDA into an implementing agency.<sup>121</sup> What remained unclear was whether there was in DFAIT a genuine understanding of the current mandate of CIDA, namely to promote poverty reduction in developing countries.

The key factor identified as the cause of tension between CIDA and DFAIT was the foreign constituency of the Agency versus the domestic constituency of DFAIT and OGDs. The enduring perception in CIDA was that the Agency must represent the interests of developing countries to the Canadian government and the Canadian public. Furthermore, CIDA's activities had gone from supply-driven to demand-driven aid. This implied responsiveness to countries whose requests might not meet DFAIT's criteria of Canadian national interests.

For one such interviewee tension followed to a large extent from the different mandates governing the Agency and the Department.<sup>122</sup> The difficulty in meshing the two mandates leads to a de facto autonomy of CIDA.

Another solution proposed was to merge CIDA and DFAIT. There was a sense that a single Department for Foreign Affairs and International Trade had worked well. The inclusion of ODA policy in DFAIT would aim for the same result. The rationale for this move was that no formal interdepartmental structure or outside intervention from the centre (PMO or PCO) would be necessary to achieve policy coherence.<sup>123</sup> What was currently a problem of CIDA-DFAIT external coherence would become a matter of internal coherence. Policy-making on foreign relations, trade, and development cooperation would take place horizontally and within a single department.

With two distinct institutions and the absence of subordination of CIDA to DFAIT, the mandate of any department must be checked against CIDA's if the Agency is to provide funding. Before CIDA accepts to release the funds requested, it ensures that the projected activities meet the developmental requirements of the Agency. A merger of the two institutions or the division of tasks between policy and implementation would have to rest on the recognition of the specific development needs of developing countries. Support for this move is unlikely on the part of development advocates in Canada and in developing countries unless DFAIT can demonstrate its understanding of the situation and represent the interests of recipients.<sup>124</sup>

Another DFAIT respondent offered a different solution which he felt respected the mandates of CIDA and DFAIT. Rather than a merger, it was suggested that each institution receive funding that would allow it to pursue its own mandate without outside interference.<sup>125</sup> Many interactions between CIDA and other departments occurred so that the latter could fund the programs and projects devised in light of their own mandates and policies.

To avoid programs at cross-purposes it was further suggested that a clear set of guidelines be provided to DFAIT so that actions undertaken would not undermine CIDA's efforts toward poverty reduction. A coherent set of instructions, together with funding, would allow the mandates to be implemented in parallel when possible and to cohere when one department's mandate had a potential impact on another's.

The fear remained great on the part of CIDA and development advocates that development cooperation policy risked being made to serve domestic interests. Yet some in DFAIT felt that occasionally their own mandate was subject to interference from the outside, rather than DFAIT taking over other departments' mandates.<sup>126</sup>

The interviewee who expressed this worry also noted that he considered CIDA part of the foreign policy establishment. As a rule, he was reluctant to break with CIDA despite the differences that might exist between their respective mandates. In his view, CIDA brought to Canadian foreign policy the development perspective that would otherwise be lacking, while DFAIT looked after its political, trade, and strategic responsibilities. Unlike other respondents, he showed less concern about CIDA's de facto autonomy. He indicated that "some in DFAIT long for older days when CIDA used to be at the beck and call of DFAIT" when the Agency's activities furthered DFAIT's mandate.

With the shift from supply-driven to demand-driven aid, and the corresponding ownership of policy by developing countries, it is all the more necessary to ensure that recipients' interests be represented effectively within Canada. Poverty reduction must stem from recipients' initiatives to which CIDA lends support through the provision of goods and services. But DFAIT is not the only department that must work with CIDA although this is the most sustained relationship with respect to development cooperation. Other departments with a domestic mandate sometimes meet resistance because their programs and projects do not fit the development criteria of CIDA.

The most high-profile institutions in this respect are the Department of Finance and Export Development Canada. When prompted on the orientation of Finance and EDC, interviewees pointed out that the goals and content of programming were largely domestic. While both were extensively involved with multilateral agencies (primarily the International Monetary Fund and the World Bank) and with foreign countries, the objectives pursued were national.<sup>127</sup> Finance looked after the fiscal situation of Canada and EDC promoted Canadian exports and investments overseas. Each mandate sought to maintain the Crown's finances in order. EDC advised the Minister of Finance on funding for specific projects related to Canadian exports. As an independent crown corporation, EDC's activities take place within parameters set by the Government of Canada to promote a positive balance of trade. EDC also has its own commercial interest in relations to developing countries, that is, mainly to ensure that borrowers could reimburse EDC.

The Department of Finance also has a significant potential impact on development because of its role in advising the government on tariffs. On the General Preferential Tariff, it is Canadian companies that ask Finance for changes to current tariffs. If, however, a developing country requests a reduction of tariffs on its products, it must make that request through DFAIT. In so doing, the request is subject to review by DFAIT based on DFAIT's mandate and may be subject to political consideration.<sup>128</sup> Similarly, there is consultation with Industry Canada on how domestic producers might be affected and there is CIDA input on how this might affect the developing countries. If CIDA is unable to press development concerns, poverty reduction risks being marginalized as an objective.

In a number of sectors, changes in the global trading regime can be used to support development in developing countries. In the case of the agriculture, for example, low-income countries are seeking the right under the WTO to introduce measures to protect small farmers from subsidized exports from the EU and the US. This is considered important for reasons of poverty and food security.

Another source we interviewed in the Department of Finance expressed clear apprehension that CIDA's mandate could interfere with that of EDC. While he said he would be glad to have CIDA as a part of the peer review process for EDC projects, he would in turn request that EDC be involved in CIDA's activities "from a defensive point of view."<sup>129</sup> While recognizing the existence of "other worlds" besides EDC's, he expressed the view that policy coherence ought to take place at the development end rather than at the commercial end. He stated that he did not "really know whether the exports EDC promotes help developing countries; Finance is concerned with whether or not countries can pay back."

From Finance and EDC's perspective it was not only CIDA's mandate that can interfere. Government-wide policies such as the Sustainable Development Strategy (SDS) or Gender-Based Analysis could lead to the rejection of projects that EDC would otherwise have supported. If poverty reduction were part of EDC's review process, this might in his view have had negative effects on the Corporation's mandate. He said he considered EDC as an independent government agency not subject to government policies. If EDC ought not to proceed with a project, the indications should have emanated from DFAIT.<sup>130</sup>

In other circumstances, there were indications that the poverty reduction focus was acknowledged more readily although the domestic aims of government departments could not be overlooked even when dealing with developing countries. As one person at Environment Canada put it, "we can't be too naïve on aid — the reality is that we have national interests."<sup>131</sup> The issue might be more one of balancing different mandates and making trade-offs. The question was: were all relevant actors present around the table? Having access to other departments' perspectives, including CIDA's development view, would allow for greater coherence in Environment Canada's activities.

There was a sense outside CIDA that different government departments could not always reinforce one another, otherwise there would be a superministry for foreign relations that would coordinate all foreign activities of all departments.

When compared to the mandates of DFAIT and OGDs, CIDA's mandate appeared unique. CIDA was aware that different departments had different constituencies that expected actions which contradicted those of other departments. One interviewee told us that "there is a perception in government that CIDA is just another NGO" pressing its own set of issues.<sup>132</sup> No matrix existed to define the totality of Canada's relations with developing countries; different government agents did different things and mandates competed against one another without apparent awareness of how they interacted and contradicted others'.

Pressures were exerted directly on CIDA (see "Internal coherence" above) and through other departments. There needed to be someone who looked at development and poverty reduction. One policy-maker in CIDA put the point concisely: "If we don't look at policy coherence from a viewpoint of development, then no one else will."<sup>133</sup> Another, particularly worried about the influence of non-aid policies, stated that CIDA's mandate was not open to negotiation.<sup>134</sup> The development focus had to be met for CIDA to lend its support.

Because of the commitment to represent the interests of developing countries, there were two images that stuck (*sic*) to CIDA according to one of its employees: "First, CIDA is full of bleeding hearts; and second, it is sitting on a big pot of money that it is unwilling to share. CIDA only cares about non-Canadians."<sup>135</sup>

In some cases, however, CIDA interviewees did not identify major contradictions between their agency and the foreign affairs establishment. For instance, one respondent referred to *Canada in the World* as the framework of reference to be followed. "We have our marching orders; the 1994 foreign policy review provided a solid foundation for CIDA and articulated clear political indicators. CIDA is given a mandate and priorities and it states that all government departments with an international dimension must work together."<sup>136</sup>

Another person in charge of policy echoed *Canada in the World* by saying that “CIDA’s mandate is as clear as it has ever been, even if it is not applied as well as it could be.”<sup>137</sup> He warned that if the Agency’s mandate, its priorities, and ODA generally were reopened, they might become subject to more non-aid and non-poverty reduction pressures from society and other departments.

What the interviewee did not specify was how CIDA’s role as an instrument of foreign policy protected the Agency’s position. Strictly speaking, there was a formal subordination of ODA policy. However, CIDA retained a programming capacity unavailable to other departments. We were also told by another CIDA employee that some fears of having a diluted mandate were not necessarily justified. He pointed out that Foreign Affairs was used to dealing with developing countries. Moreover, in his opinion, Foreign Affairs was “somewhat progressive” whereas International Trade had a narrow commercial and financial focus. But a department like DFAIT could emphasize the role of developing countries in trade. It could respond to needs for technical assistance so that they might “take advantage of the open trading system.”

This possibility led one person to say that aid was sometimes used to lubricate political relations with developing countries. In this context, where there were few economic interests and limited trade, politics predominated. Some countries benefited from Canadian ODA because of their political and diplomatic importance.<sup>138</sup> A similar problem was present in countries that had significant pockets of poverty without being, strictly speaking, developing countries.<sup>139</sup> This approach to ODA met the letter of *Canada in the World* but risked subordinating poverty reduction efforts to Canada’s strategic aims.

More obviously, economic motives could also be identified in aspects of CIDA’s operations. The existence of the CIDA Industrial Cooperation program (CIDA INC) supplements the role of EDC. Because EDC is also a corporation which tries to operate commercially, it is relatively uninterested in developing countries that do not constitute large markets or that cannot necessarily reimburse loans. CIDA INC has been called upon to support Canadian exports and investments in developing countries if these can be shown also to have good development prospects. It was also expected that economic exchanges promoted by CIDA INC might lead to more sustained economic and trading relations in the future.<sup>140</sup>

In Asia, for example, where CIDA’s role is more modest than in the past, it has followed more closely the Canadian government’s foreign policy statement, that is, ODA has played a supportive role. According to the person interviewed, mandates could co-exist. The debate should therefore be on “complementarity” rather than on “coherence.” Rather than seeking to harmonize policies so that they aimed directly at poverty reduction in the recipient country, it was considered more effective to avoid working at cross-purposes.<sup>141</sup>

Where trade was concerned, one way to contribute to development and poverty reduction would have been to open Canadian markets to developing countries’ products, thereby providing opportunities (e.g., clothing from Bangladesh). However, CIDA INC’s mandate did not extend to other aspects of trade, especially import policy. Lifting restrictions on certain imports — tariffs or other — remained the responsibility of Finance and DFAIT, in consultation with sectoral departments like Industry and Agriculture Canada.

The relations between the Canadian private sector and CIDA require greater transparency. According to one person interviewed, when CIDA INC gave a contract to a firm, it was unclear why this firm had won over others. Helping Canadian businesses export to developing countries should not have been about increasing Canadian exports of goods and services, but rather taking firms that represented pro-development values and supporting them in the hope that they would contribute both directly (through investment, job creation, etc.) and indirectly through a long-term sharing of values and perspective, to CIDA's objective of poverty reduction.<sup>142</sup>

One CIDA official suggested that CIDA staff need "to become 'hyphenated aid people'. The development mandate cannot be looked at in isolation from other mandates. We need to think in terms of environment-and-development, security-and-development, etc."<sup>143</sup>

With regard to overall foreign policy, the extension of DFAIT's mandate since the mid-1990s elicited worries in CIDA. The creation of the Global Affairs Division in Foreign Affairs was seen in CIDA as an attempt to take over some of CIDA's agenda although it could also serve as a basis for coordination.<sup>144</sup> The broad-gauged approach of Global Affairs, together with the active promotion of the human security agenda from 1996 onward, have created overlaps between DFAIT's and CIDA's mandate.

Yet there remained a major obstacle to coordination that would lead to poverty reduction. There was strong resistance in DFAIT to the inclusion of economic issues into the concept of human security. According to an official familiar with this file, the inclusion of economics would make it meaningless.<sup>145</sup> More important, perhaps, was the fact that a redefinition of human security with development and poverty reduction in mind would go against the prevailing commercial and trade policy of the Canadian government. It would require a radical rethinking of the current foreign policy framework, including a modified approach to liberalization, especially in developing countries.

## **Funding**

The second common source of tension between CIDA and other departments was funding. One characteristic of CIDA was that it was essentially a programming department as opposed to a policy department with a formal legislative mandate.<sup>146</sup> Most of its resources served to fund programming (i.e., grants and contributions) rather than operating costs. By contrast, in other departments the share of operational costs was much higher than the programming budget.<sup>147</sup>

As we have discussed previously, the international involvement of domestically oriented departments is relatively recent and followed globalizing trends of the 1990s. One peculiar effect of the internationalization of government departments is that in addition to the traditional domestic programming part of their activities, departments must now fund their activities in developing countries.

The situation differs between DFAIT and OGDs. Foreign Affairs and International Trade has traditionally been involved internationally but to a lesser extent than is the case today. There has been a significant expansion in the range of issues now addressed by the foreign affairs minister. For OGDs, the change has been even more radical because of the traditional national focus of their activities and policy responsibilities.

One person we interviewed at DFAIT suggested that the key problem in the relationship with CIDA was that the Agency had the money while DFAIT had the information.<sup>148</sup> In peacebuilding and human security, for example, it was DFAIT that had the prime responsibility and the personnel. But the policy-making capacity and the know-how were not matched with funds for programs and projects that would fulfil the human security agenda. According to him, CIDA ought to have expected other departments and DFAIT in particular to turn to the Agency for resources to devote to such issues where developing countries were concerned.

Peacebuilding and human security are possibly the most illustrative cases because they lie at the intersection of security and development. They are also points at which both tensions and synergies between CIDA and DFAIT are most obvious. However, the real question is which has priority over the other. To simplify, the perspective from DFAIT was that security was a precondition for other types of activity — more specifically economic activity. From CIDA's vantage point, the range of issues that fall under security was wider.

The definition of human security that informs policy and programming in DFAIT stands at odds with CIDA's own mandate which includes poverty reduction. At DFAIT, we were told that the definition of human security that guided Canadian foreign policy ought not to include development issues. However, for CIDA to fund a project it had to meet poverty reduction and developmental criteria that pertained to CIDA's mandate. As the Minister of International Cooperation put it in 1999: "To a very large extent, the human security agenda is the development agenda, even if we haven't always expressed it in those terms".<sup>149</sup> Human security and environment-related activities that involved developing countries tended to lead to requests for CIDA funds but it was unclear who should have been providing the resources. The Department of National Defence (DND) could even have been considered as a source of funding in this respect.<sup>150</sup>

Such a divergence on the role of development in human security caused much squabbling over funding of DFAIT's activities pertaining to its Human Security Agenda. CIDA evaluates projects on the basis of their contribution to development and poverty reduction whereas DFAIT does not consider development a criterion for judging the relevancy of a project. However, in the absence of its own source of funding, DFAIT turns to CIDA for resources.

What appeared to be especially bothersome for CIDA was the sidelining of its development objectives. One person at CIDA deplored that the Agency was seen as a "milk cow" to be used by other departments when money was needed.<sup>151</sup> Instead, he maintained, CIDA must be viewed as an agency with ideas and policies to be implemented. He nevertheless recognized that CIDA staff were often too negative toward outside requests for funding. Part of the problem, he suggested, was that poverty reduction was interpreted too restrictively by CIDA and thus could not accommodate a variety of means to achieve this end. Projects aimed at poverty reduction focus exclusively on the poor when in reality there could have been other projects with beneficial poverty reduction effects.

In OGDs, there was a sense that CIDA was overtaxed by funding requests. At Environment Canada we were told that "CIDA is at the receiving end of the integration problem; it is seen as sitting on millions of dollars without being open to others."<sup>152</sup> The interviewee nevertheless pointed out that this perception might not have been accurate. For instance, she noted the length of CIDA projects,

which typically spanned several years and involved long-term commitments that could be upset by requests for funding. For CIDA to accede to those requests could mean ending a project before completion.

Several interviewees at CIDA noted that “the need for coherence has increased at a time of declining resources; as a result we need more coherence to ensure a ‘bigger bang for the buck’.”<sup>153</sup> Efficient use of money had its obvious merits. But there were consequences to this emphasis on effective use of resources. One aspect concerned the key objectives of the Government of Canada as opposed to merely those of CIDA. There was a clear emphasis on growth in domestic and foreign policy with which CIDA’s mandate could be at odds. Scarce resources could be diverted from ODA to the promotion of Canadian employment and prosperity (the prime objective of Canadian foreign policy) or ODA could be effectively made to serve the three priorities of foreign policy with only passing thought to the goal of poverty reduction. Because the mandates remained unchanged, because the pool of resources was smaller, and because government priorities had been defined in terms of domestic growth, tensions were bound to endure and even increase. This would be especially the case if the government were to respect the letter of *Canada in the World*.

For one CIDA official “much of the battle between CIDA and DFAIT comes down to resources and who controls them.”<sup>154</sup> Some suggested that if resources were to be increased, relations between CIDA and other departments might become more collegial<sup>155</sup> because one important cause of conflict would disappear. In light of this, the solution seemed simple enough. At DFAIT, similar advice was heard. Interaction with CIDA to obtain funding was sometimes considered to involve transaction costs that could be avoided if all departments were given a programming budget for international activities. This was a situation he believed all departments faced in relation to CIDA.<sup>156</sup> Another official proposed that CIDA relinquish 25 per cent of its budget in favour of other departments so that they might proceed with the international dimension of their mandates.<sup>157</sup> In the case of his own division, he considered a budget of C\$100 million desirable. CIDA would automatically be less solicited for support and thus tensions would diminish.

There was a further obstacle to programming in DFAIT. According to an interviewee active in peacebuilding, there was no discretionary fund for issues regarded as “more political.” There were also questions about CIDA’s willingness to take risks in investing in certain projects. Thus, CIDA sometimes resisted releasing the funds until it received unfavourable press for the delays caused.<sup>158</sup> One example of inconsistent CIDA behaviour according to DFAIT was CIDA’s refusal to fund soldiers sent to Kosovo although it did fund a police force in Haiti. The person interviewed could not see what underlined these different decisions. In the case of Haiti, he said, CIDA could have just as easily argued that the Solicitor General should fund it rather than the Agency.

Another DFAIT interviewee took a more empathetic stance by pointing to stricter CIDA auditing criteria as a possible cause for the apparently risk-averse nature of the Agency. He explained the reluctance of CIDA to get involved as resulting from the sometimes unclear and risky content of DFAIT’s projects.<sup>159</sup> The problems he encountered over funding were partly solved because money was granted to DFAIT for peacebuilding purposes. Branches or divisions of DFAIT that had been given a programming budget had comparatively fewer conflicts with CIDA.



According to people in both CIDA and DFAIT, there could be advantages to DFAIT having its own resources. The potential for collaboration would go beyond project administration with CIDA money, and into co-funding. Collaboration could take place on an issue-by-issue basis. By the same token, however, DFAIT could pursue its mandate alone if no agreement with CIDA could be found. The possibilities associated with co-funding were appealing, but if departments did not reach an agreement and opted for separate projects and no mechanisms were set up to ensure coherence, unilateral action might undermine poverty reduction efforts undertaken by CIDA.

Employees in DFAIT and OGDs were aware of this possibility to some degree. In Environment Canada, we were told that policy-making responsibilities matched by a programming budget with a clear management framework and a reporting system would solve much of the problem.<sup>160</sup> At DFAIT the suggestion was a budget with Development Assistance Committee guidelines to follow in DFAIT's own programming.<sup>161</sup> In both cases, the solutions advocated were meant to avoid conflict with CIDA while ensuring that development concerns would be included.<sup>162</sup>

Relations between CIDA and other departments appeared to vary depending on the length of those departments' international involvement. Departments newer to the international scene requested more funds from CIDA for their activities. In parallel, they requested a ministerial platform for international policy-making and the corresponding budget that would allow them to avoid CIDA altogether. Although an "old" department, even DFAIT was lacking money and sought it at every opportunity.<sup>163</sup>

At CIDA, the perception of DFAIT and OGDs was not always negative. Some interviewees noted a certain amount of organizational learning elsewhere in government. For example, it appeared that DFAIT had developed an understanding of the criteria according to which CIDA operated. "The department", one person said, "no longer tries to raid CIDA's coffers; instead, DFAIT approaches the Agency with pro-CIDA projects".<sup>164</sup> To ensure the development focus of projects undertaken by OGDs in Latin America, the Americas Branch of CIDA had decided that "we had to teach them about development if they wanted our money".<sup>165</sup> This was a response to the feeling that OGDs would "come to CIDA for money and then tell it to go away." Moreover, the development expertise of CIDA and its long-standing knowledge of developing countries, in particular the pitfalls that might be encountered, were recognized to provide added value to departments whose international involvement was comparatively recent.

### **Coordination mechanisms**

Coordination mechanisms used to keep different departments informed of respective policies and programs followed two models: formal and informal. There was some disagreement among the interviewees on the relative merits of one type or the other. However, there was a sense that purely informal means of coordinating departmental actions were not sufficient. This sub-section first addresses the formal mechanisms in place or suggested by participants. Then it turns to a brief discussion of the informal mechanisms our sources reported relying upon to coordinate actions.

A number of interviews raised the question of the now defunct Interdepartmental Committee on External Relations with Developing Countries (ICERDC). The question we posed to interviewees

was whether ICERDC was an effective mechanism for ensuring coherence of different departments' policies toward developing countries.

Responses were mixed. At CIDA we were told by a group of officials that ICERDC was key to planning Canada activities in the developing world. Since it had been abolished, there had been institutional-related debates between several departments on ways to coordinate but an overall framework was still lacking. Currently, we were told, "Ninety-five per cent of Cabinet's attention is domestic and CIDA is neither big nor powerful enough to command attention."<sup>166</sup> Development questions could easily fall by the wayside. Yet, coordination at a broader and on a higher policy level could benefit from the reinstatement of ICERDC or a similar committee bringing together senior executives from departments engaged internationally. Failing that, the Minister for International Cooperation could be brought into the Cabinet's Economic Committee. Ultimately however, the weight given to international development issues depended on the importance given to developing countries. To be effective, a Cabinet structure would require the internalization of the importance of developing countries in government bodies other than CIDA, DFAIT, and Finance.

Another CIDA source who supported the idea of a forum at the political level cautioned against the idea of having a Cabinet structure specific to developing countries.<sup>167</sup> In his view there was a great risk that poverty reduction might be marginalized. Instead he suggested that Cabinet give more attention to international issues writ large. Discussions of development cooperation should be part of the mainstream discussions. CIDA already participated in a fair number of interdepartmental committees and a Cabinet committee would add to this.

An added advantage to the creation of a Cabinet committee, according to an interviewee, would be that senior bureaucrats from different departments would have to get involved with their respective minister. At the same time, the importance of a political-level structure should not be overemphasized because much interaction takes place at lower levels. As far as political leadership goes, the creation of a parliamentary committee on international development would be even less useful because of "the relative unimportance of Parliament in the Canadian political system".<sup>168</sup>

At lower levels, coordination was sought by interdepartmental working groups and committees set up by officials occupying positions from manager to assistant deputy minister (ADM). It was at this point that the absence of a systematic framework required more willingness to coordinate on the part of those who made policy and those who implemented it. Interdepartmental working groups and committees might be considered semi-formal in that they implied agreed upon, sustained interaction between government actors over an issue or set of issues.

CIDA's Gender Equality Division, for example, had been involved with 12 other departments by way of interdepartmental groups since 1992.<sup>169</sup> In Asia Branch, interdepartmental groups had been set up and interdepartmental cooperation had taken place at the project level.<sup>170</sup> CIDA INC, which is more concerned with trade, was involved in 14 different sectoral trade groups in addition to one on health matters.<sup>171</sup> One advantage of semi-formal structures like interdepartmental committees is that they force participants to compromise.<sup>172</sup>

A variation on the theme consisted in striking agreements in principle or memoranda of understanding (MOUs) with other departments to hold annual meetings of management groups to discuss

respective policies or programming. At these annual events views could be exchanged and agreement reached on priorities; ADMs and directors of policy often attended.

To follow up on annual meetings, each department sent one of its members to sit on the others' weekly management committee meeting. This practice appeared to be more common between CIDA and DFAIT than with OGDs. But one person at CIDA said that he included OGDs when activities went beyond commercial and development funding.<sup>173</sup> A senior official at DFAIT proposed a joint DFAIT-CIDA annual foreign policy review that would allow a range of common interests and concerns to be addressed.<sup>174</sup> He said such a process used to exist but ended with the 1994 foreign policy review that produced *Canada in the World*.

The downside of such an exercise was that it might compromise ministerial prerogatives and thus be resisted. In addition, the joint review would make sense only if there could be a reasonable expectation that both parties would be able to get a fair hearing from the other. For the period 1996-99, CIDA tended to lose in ministerial head-to-heads when disagreements arose.<sup>175</sup>

In some cases, this type of sustained interaction had given rise to shared agendas. There were a few instances of shared agenda that had served to formalize relations between different departments.<sup>176</sup> It was important to look at overlaps between different departments while remaining aware of the potential for co-optation. CIDA's Asia Branch and DFAIT had developed a shared agenda over time. Asia had been a key area for collaboration and government departments had to work with one another. There were strong imperatives over ten years ago on CIDA to build bridges with DFAIT so that Asia branches in CIDA and in DFAIT had made efforts to get together around common objectives. They developed a "culture of collaboration" and tried to articulate a shared agenda, to understand Asian reality together, to understand Canadian positions and priorities in the region. The China Programming Framework played a key role in coordinating departmental actions in that country and a mutually agreed comprehensive development framework was developed.<sup>177</sup>

The work was undertaken in a way that respected the departments' mandates. Other imperatives such as ASEAN and APEC forced a broadening of participation to include Status of Women, Industry Canada, and Environment Canada. Interdepartmental collaboration occurred because other departments' participation added to CIDA's own development results. At the project level, interdepartmental groups had taken care of coordination. The overall importance of Asia in Canada's government was also a contributing factor in this apparent success, but the effectiveness of coordination had been concentrated in the CIDA-DFAIT relationship and remains less with OGDs, according to a CIDA interviewee.

Similarly, the work undertaken interdepartmentally on climate change spilled over into a Climate Change Secretariat. In this case, the cause of success was a systematic framework to deal with horizontal issues and force actors to come together and reach agreement. Weekly meetings were held by ADMs despite the differences that existed between the departments. Problems were dealt with by working groups through daily contacts prior to producing a policy document. The practice of circulating a concept paper or similar document for comments was judged inadequate to address coherence concerns. On the climate change file, it was at the political level — as opposed to the bureaucratic level — that synergy was lacking.

The one case where a systematic approach was adopted at the outset was Haiti. The mechanism used in Haiti was close to a unique structure. There was a special coordinator who operated across the government and chaired an ongoing interdepartmental taskforce on that country. As coordinator, his role was to bring together as many government policies and activities as possible with regard to Haiti from desk officer to assistant deputy minister levels to foster a maximum of coherence.

Cooperation was kept especially close for geographic desks in DFAIT and CIDA so that there was a *de facto* task force. Desk officers and resources from different departments were assigned coordinated tasks. Following this, it was possible to move up notches in level and intensity. Initial openness became cooperation over time. The taskforce on Haiti was an operational one as well as a coordination mechanism at the planning stage. For this there needed to be resource input — a question that came up elsewhere as a problem. There also needed to be a coordinating position and senior bureaucratic involvement. In the case of Haiti there was clear prime ministerial interest.

The Haiti file reportedly worked well, in part due to the mechanism. Information-sharing was systematic because of it, in contrast to other coordination mechanisms whose details had not been determined in advance. Before action was undertaken, the government actors involved in Haiti worked out the conflicts. With other donors, the coordinator laid out ideas ahead of time. This was particularly true with the US which could block decisions if it disagreed. Relations with other donors were also managed through the “Friends of Haiti” (France, US, Canada, Chile, Argentina, Venezuela, and the UN), and the UNDP in Port-au-Prince.

Because of imperatives faced by each department, policies might be difficult to coordinate or render fully coherent. Emphasizing the operational side of government activities, one interviewee at Environment Canada told us that simply “knowing what’s going on — never mind the policies — would be of great help.” Coherence in policy should not be pursued for its own sake, unless it could give rise to successful government-wide policies, such as the Sustainable Development Strategy.

Information-sharing on projects between different departments could suffice to avoid some incoherent actions. The rationale behind systematic information exchange was that each department would be able to identify other departments’ projects that might undermine its own, or vice-versa, and advise the departments in question. For this method to be effective, it was necessary for CIDA and other departments to volunteer information on their own projects. Our interviewee voiced the impression that CIDA’s outreach in the capital was not as high and effective as it should have been: “No one knows if CIDA is pushing a broad agenda” or if it was operating separately from other departments. In the absence of information sharing, neither CIDA nor other departments knew what the others were doing, which was likely to lead to incoherence.<sup>178</sup>

One CIDA official posted in a key international financial institution told us that “I’m only as good as the information I get... I don’t want to walk blind.”<sup>179</sup> To do her work well, she required information from as many sources as possible. At the same time, there had been complaints about the relevancy of information provided. One person in the Department of Finance reported that CIDA sometimes sent too detailed information concerning its projects when only aggregate numbers — for the purpose of reporting — would have sufficed. This was also addressed by the above CIDA official who said she volunteered information only when it was relevant.

At both CIDA and DFAIT we were told that effective transmission of information required an understanding of everyone's vested interests. According to one source it was possible for one person to represent another's interests without sharing them. A smooth flow of relevant information could address some coherence problems and allow actors to determine whether to contact one another directly or meet to discuss further the problems at hand. A CIDA interviewee said that "a culture of cooperation implies respecting another's needs and positions, validation, and knowing what the others are doing."<sup>180</sup> Information-sharing also took place by way of comments requested on projects. In the Americas Branch of CIDA, projects were submitted to other departments for feedback. Here multiple actors were involved and there were often several themes (political, trade, development) and different levels of government (federal, provincial, municipal) and different sectors (public, private, community) represented.

Exchange at lower echelons was not a substitute for upper-echelon involvement however.<sup>181</sup> While it laid the groundwork for more formal coordination, ADM, vice-president, and director-general involvement added effectiveness because of the status of the position and because they were the people with a bird's eye view of what was being done in their department. Depending on the issue considered, a semi-formal mechanism might be created.

Ultimately, "the real test is to make sure the minister knows", someone said at CIDA. It was sometimes necessary to bypass "information censorship" and provide leadership for an issue to make it to the minister's desk. When an issue needed to be pushed, the interviewee said she opted to speak directly to the specific ADM or DM at Finance or DFAIT, or to the vice-president at CIDA. When a compromise needed to be worked out with other departments, she sought ministerial guidance to avoid longer-term bureaucratic processes. Contact with the upper levels was not a panacea however; in the long-run it was the quality and relevancy of the information which mattered most. It was necessary to know the others' priorities and determine what information they needed.

Finally, knowledge, rather than information, sometimes provided an avenue to avoid incoherence in the first place and coordination after the fact — that is, after a project had been drawn up. Interviewees in several departments told us that they purposefully hired employees with a development background so that they might contribute that perspective to the programming of the department. On other occasions, employees of one department were seconded to other departments or to multilateral organizations. The knowledge base specific to each department could be shared with others. In the case of gender analysis, for example, the Department of Justice called on CIDA for a list of consultants specializing on gender.

### **Aspects of coherence and country studies**

The three developing country studies that form part of this project on Poverty and Policy Coherence provide more concrete illustrations of some of the problems inherent in the conduct of ODA as part of a broader foreign policy, or concurrently to the efforts of OGDs in fulfilment of their respective mandate. All potential problems we discovered in interviews with officials in Ottawa headquarters were fortunately not present in each country where Canadian government departments and agencies were active. What follows is a brief overview of some differences and similarities in sources of incoherence in Bangladesh, Jamaica, and Mali.

*Internal coherence:* The first possible source of internal incoherence pertained to cross-cutting issues CIDA has to address in its programming. In the Jamaica study, the authors found internal coherence sometimes lacking in the fields of gender and social issues. The study reported that although CIDA projects were in principle subject to guidelines on gender and social impact, the lack of monitoring meant that some projects went ahead without due consideration given to these issues. As a result, some cases of non-compliance were found.

The case studies introduced another dimension of internal coherence in the form of the relations between different parts of CIDA and in the form of headquarters-field relations. In the Bangladesh country study, doubts were expressed about consultations of field officers when designing policy. The authors referred to an institutional hierarchy that “plays a key role in designing and implementing policies and programs.”<sup>182</sup> Policy was decided at CIDA headquarters with comments and input from the field offices not always heeded by policy-makers.

*External coherence:* With respect to external coherence, the bulk of interactions and interdepartmental contacts took place between CIDA and DEAIT, with CIDA-OGD relations remaining at a minimum level in Jamaica and Mali. This mirrored the situation we identified in the Ottawa-based study. However, in contrast to the situation at headquarters, the embassy in Bamako and the High Commissions in Dhaka and Kingston played a greater role in coordinating actions in the field.

The tensions revealed in the Ottawa interviews were not raised in the interviews conducted in the recipient countries. This might have reflected the fact that there were fewer actors on the ground than at headquarters and that since policy was determined in Canada, there were fewer opportunities for conflict in the recipient countries. In the field, cooperation was close and the centre (embassy or High Commission) could act as broker in a way the PMO and PCO do not in Canada due to the many other concerns they must address.

One other element that might have mitigated conflicts is the relative importance of the country in political, commercial, and development terms. For instance, in Mali, trade was comparatively less important than in Jamaica and Bangladesh, and hence there were few pressures for ODA to support Canadian objectives of prosperity and job creation in Canada. In contrast, in Jamaica, commercial ties were stronger and hence there were more possible sources of conflict between pursuing Canadian interests and targeting poverty through ODA.

In the case of Bangladesh, one area of incoherence was Canada’s support of the Multi-Fibre Arrangement (MFA) due to expire in 2005 and the maintenance of high tariffs on labour-intensive products like clothing. Because Bangladesh has a considerable clothing industry, these policies constituted an obstacle to its development. This issue was resolved with the announcement in June 2002 of the removal of all tariffs and quotas on all imports (except poultry, eggs, and dairy products) from all least-developed countries as of January 2003. But there are other ways in which trade policy can be used to support poverty reduction efforts. As already mentioned, developing countries may need safeguards against subsidized agricultural imports from developed countries. Another critical area has been the protection of intellectual property rights — and whether the WTO rules allow people in developing countries to access the medicines and other technologies needed for their health and development. The Canadian government has usually favoured trade liberalization and the imple-

mentation of WTO rules by all developing countries, rather than changing the rules to meet developing countries' particular needs, even if this may impose costs or undermine poverty reduction efforts.<sup>183</sup>

A further area of incoherence concerned Canada's tacit support of the Structural Adjustment Programs (SAPs) of the international financial institutions (IFIs). In Jamaica, the authors noted that since the country had to implement SAPs, the conditions of the poor had deteriorated. Yet the Canadian Department of Finance, which represents Canada in the IFIs, accepted SAPs in their current form, while some of CIDA's programming aimed to mitigate the now recognized negative impacts of SAPs on the poor. This constituted a clear case of external incoherence between Finance and CIDA. It also became a case of internal incoherence when CIDA itself participated in conditionality and withheld funding for projects pending reforms in the recipient country.

Coordination mechanisms with a view to coherence found in the country studies were largely semi-formal and informal. In Jamaica, committees, roundtables, and phone calls were used. Committees by definition implied membership, scheduling, and preparation while phone calls could be made informally and on an as-needed basis. Similarly, the preparation of the Country Program Framework implied consultations with other departments and stakeholders but no strict decision-making process existed to achieve full coordination. In Bangladesh, the consultation between headquarters and field officers fell under the same semi-formal category. In Mali, in principle it was DFAIT that coordinated Canadian activities, but in practice CIDA had more resources in the field and generally performed this task. CIDA did not systematically inform DFAIT of all its activities in Mali because the practice was for the embassy to report to the Department. The ambassador in principle produced quarterly reports to DFAIT. In reality, however, they were often late due to lack of resources. In the Mali case, some local bodies were specifically set up to ensure coordination: a Management Committee (Comité de gestion); an Enlarged Cooperation Committee (Comité de coopération élargi); and a Canadian Cooperation Coordination Committee (Comité de coordination de la coopération canadienne).

As mentioned above, in all cases the embassy or High Commission played a central role in coordinating actions in the field depending on Canada's priorities in the country.

### **Concluding comments**

To sum up, a number of key points emerged from the interviews as to where there were opportunities for improving coherence and how this might be achieved. It was clear that there were certain differences in policies which needed to be resolved at a fairly high level. In some cases, greater exchange of information about departmental mandates and operational plans (including projects) could help to improve interdepartmental relations. Certainly it was considered important that CIDA make greater efforts to raise consciousness about its mandate and operating environment, at the same time as trying to understand the mandate and environment of OGDs. Informal channels should be used more to promote coherence, while not neglecting formal structures. If departments are provided with programming budgets to fulfil the international aspects of their policy mandate, this may relieve tensions with CIDA.

Policy coherence requires drivers of coherence. In both CIDA and DFAIT we were told that there needed to be a focal point in each department to which other departments could turn to request or transmit information. But “to coordinate is not a passive verb”, one person said, “no one likes to be coordinated.”<sup>184</sup> There needs to be a willingness in each department to coordinate with a view to achieve coherence.

## **Current coherence initiatives**

A number of initiatives have been underway in the Canadian government that are not directly related to discussions of policy coherence in development assistance. However, the systematic examination of the policy-making process and apparent constraints to coherent and effective policy-making offers some avenues for discussing policy coherence in an ODA context.

### ***The Policy Research Initiative (PRI)***

One process to address horizontal issues in policy-making is the Policy Research Initiative (PRI). The PRI was launched in 1996 by the then Clerk of the Privy Council to identify policy challenges for Canada. A series of reports were produced that identified new realities facing the Government of Canada with a view to identifying future policy research capacity and needs.

Initially there was a set of four interdepartmental networks (Growth, Human Development, Social Cohesion, Global Challenges and Opportunities) linking departments’ and agencies’ research and policy groups, with each network tasked with finding ways to address cross-cutting issues. Although initially focused on interdepartmental relations in the federal government, the PRI’s longer-term objective has begun to extend coordination to other orders of government and the policy research community outside government to overcome the decline in public sector policy research capacity that has occurred over the last two decades.<sup>185</sup> Policy research, though the basis of policy-making, had been seriously affected by government downsizing. There was also a realization that policy-making had become reactive rather than proactive.

For policy research to address horizontal issues effectively, an early PRI report emphasized demand must originate from the political level (i.e., ministers) and the public service. In this sense it echoed some of the results from our interviews. Coordination with a view to coherence must be a goal at all levels and it must be carried out at all levels.

The 1997 report, *Canada 2005: Global Challenges and Opportunities*, placed considerable emphasis on the way Canada was being affected by globalization and on the need to rethink the interdepartmental relations and the linkages between domestic and international policies:

“All federal government departments recognize the importance of adapting their policy initiatives in light of international developments, and using international mechanisms to pursue domestic policy interests and objectives. Clearly, there are no longer “international” and “domestic departments”; all are influenced by global economic, social and political developments.”<sup>186</sup>



Reasserting Canada's reliance on foreign markets for domestic growth and employment, the report advocated Canadian leadership in rules-based international regimes. With respect to developing countries, it suggested the government turn its attention to:

- The opportunities and threats to Canadian products and services in emerging markets, and the development of micro-economic and social policy response;
- Strategies to address the growth of natural resource production in emerging economies with lower labour costs;
- Facilitating the export of Canadian know-how, natural resources science, technologies, and services to emerging competitors;
- Using Canadian development cooperation to ensure the IFIs' investment in emerging economies to social equity, gender equality, and sustainable development; and
- Addressing basic human needs and opening up developing economies that are at risk of further marginalization.<sup>187</sup>

The Policy Research Initiative is interesting because it provides a model by which horizontal issues can be addressed by a multiplicity of departments in the policy-making process. Similar research initiatives can be useful to identify mechanisms to ensure that poverty reduction is taken into consideration when making policy that applies to developing countries. Policy research networks would provide a tool for the systematic consideration of the effects of various government departments' policies on the poverty situation in developing countries.

We must nevertheless sound a note of caution. The reports published in the context of the PRI speak of community outside government policy-making circles. There have been several initiatives by PRI to broaden outreach (from the publication of a journal to regular conferences and research funding). But it is the academic community, more than civil society, that has benefited by this outreach. The balance sheet of the Government of Canada on collaboration and consultation with civil society in the 1990s was not altogether positive.<sup>188</sup> There have been cases of significant and genuine consultation but there have also been examples of reluctance to let the public participate. Consultations with civil society take on a variety of forms, some of which have not allowed for meaningful participation. Further efforts are being made in the context of the Voluntary Sector Initiative described below.

Poverty reduction efforts in developing countries and CIDA's involvement, by contrast, require meaningful consultations with recipient governments and civil society, both domestic and in the developing countries. As a demand-driven agency committed to recipients' ownership of projects, CIDA requires a mechanism whereby the interests of recipients and development partners in Canada as well as inputs of development analysts can be represented in the Canadian government and factored in all departments' policy-making with respect to developing countries.

### *The Voluntary Sector Initiative*

In February 1999, the Voluntary Sector Roundtable, an unincorporated group of national organizations and coalitions created in 1995, published a report entitled *Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector*<sup>189</sup> (also known as the Broadbent Report). The Report made some 40 recommendations on governance and accountability in the voluntary sector and its relation to government and policy-making.

The report noted the suspicion between government and the voluntary sector stemming from unilateral government cuts to funding and downloading of services that impacted populations represented by the voluntary sector.<sup>190</sup> There were also several criticisms of the voluntary sector that caused civil society organizations to mistrust the government:

“The capacity of the sector has also been hampered by the lack of understanding and knowledge of some critics. Over the past decade, many voluntary organizations have had their credibility challenged by being labelled with the derogatory term, “special interest groups”, and their work belittled by the suggestion that they make no constructive contributions to public policy, civil society or the economy.”<sup>191</sup>

More than a simple recognition of the existence of the voluntary sector, the report requested the voluntary sector be given “a voice at the Cabinet table”, so that civil society might have a say in policy when it was being made. To ensure policy coherence in the face of the multiplicity of demands emanating from the NGO community, it further suggested the appointment of a minister and an internal policy coordinating unit to work horizontally within government.<sup>192</sup>

In June 2000, the Canadian government responded to the report with the publication by the Privy Council Office of the document, *Partnering for the Benefit of Canadians: Government of Canada-Voluntary Sector Initiative*.<sup>193</sup> The Voluntary Sector Initiative stated two objectives: to increase the capacity of the voluntary sector to meet the demands of Canadian society; and to improve government policies, programs and services.

The government's response restated throne speech initiatives and announced the development of an accord that would recognize the relationship between the government and the voluntary sector and articulate principles to guide the relationship. A joint tables process would be used to develop a consultation document, a consultation strategy and an implementation plan. The purpose of the joint tables was to provide a voluntary sector “lens” on policy and programs. In addition, it proposed a National Volunteerism Initiative to “expand volunteer effort and promote volunteering.” Its purpose would be to set criteria for program design, organizational eligibility, resource allocations, priority setting, and scope and purpose of activities.

Relationship-building measures between government and the voluntary sector were also suggested to reinforce cooperation between the two. In response to the recommendation of a minister in charge of dealing with the voluntary sector, the government announced the creation of a Reference Group of Ministers. The purpose of the group was to provide strategic policy direction and coordination for government responses to voluntary sector requests. The operational leadership of the Initiative was ensured by an ADM Steering Committee for the Voluntary Task Force created in PCO in 1998.<sup>194</sup>

The Voluntary Sector Initiative offered an avenue for Canadian development advocates to raise the profile of poverty reduction in government and to inform other parts of the voluntary sector of the links between domestic policy-making and foreign policy-making, in particular as it regards poverty in developing countries. Nevertheless, while it indicated an acknowledgement on the part of government of the interest of civil society in policy, such a structure makes sense only if it can provide for meaningful participation on the part of development advocates in development cooperation and foreign policy.

Moreover, the various groups that comprise the voluntary sector must, like government departments active in developing countries, learn to think horizontally and advocate policy that addresses poverty reduction in developing countries. As noted previously, the traditional distinction between domestic and foreign policy is no longer applicable. It is essential to recognize this reality if advocacy on the part of the voluntary sector is to reach the goals of their members without undermining poverty reduction objectives in developing countries.

### *The Partnership for International Cooperation*

The Partnership for International Cooperation was launched in April 2000 by the Canadian Centre for Management Development (CCMD) to ease foreign countries' access to Canadian public sector expertise. The Partnership forms part of CCMD's mandate "to become a world-class centre of excellence in public sector management and to share ideas with others in the world trying to build a strong, competent public sector."

It seeks to coordinate and rationalize the international activities of various government departments — as of 1998-99, federal public sector institutions were involved in some 300 international cooperation projects and hosted more than 1,100 foreign delegations in Canada. The Partnership is based on the recognition that in recent years many government institutions have acquired an international dimension both by going abroad to provide [sell] services and by hosting foreign representatives in Canada. As Annex Table 4.1 illustrates, many departments have included international dimensions in their mandates and carry out a number of international activities to this end.

The Partnership has established two networks:

- **Governance and Public Sector Management:** This refers to the central institutions and agencies (Parliament, courts, international affairs, public sector management). They are the institutions in charge of providing the overarching structure for the operations of sectoral departments and agencies;
- **Sectoral Departments and Agencies:** They are the institutions directly involved in given sectors. In their international activities, they carry out projects following requests by foreign countries. They may be approached directly for their services or act as executing agencies for CIDA when CIDA is solicited by developing countries.

Institutionally, the Partnership aims to set up a single window for access to federal government resources for foreign countries and international organizations. Services offered touch on both pub-

lic sector management — a core, initial, function of CCMD — and sector-specific expertise accumulated in government departments and agencies. The main advantage of the single-window approach is that it allows easy identification of “who does what” in the Canadian government.

In its current form, however, the Partnership remains silent on a number of points. First, it has not yet addressed the issue of how projects being undertaken in developing countries relate to CIDA’s poverty reduction objective, let alone the broader issue of policy coherence. The focus has been on coordination to increase the efficiency of project delivery, and thus to do more internationally with less. There is no formal coordination mechanism to ensure that the services provided by departments to developing countries will reinforce or at least not undermine the poverty reduction efforts CIDA undertakes in the same countries. Would-be recipients or clients may be directed to the relevant departments but this should not result in these departments acting independently from CIDA when developing countries are concerned.

At the very least, the department or agency implementing a project must also be aware of the importance of poverty reduction and plan accordingly. CIDA’s participation in the Partnership network, as well as the fact that Partnership staff have had considerable experience in CIDA, may help to develop this understanding of and coordination with CIDA’s work in developing countries. While there have been no discussions yet about policy coherence, it seems that the collaborative efforts at the project level and the development of a greater understanding of departmental objectives in international work may provide a solid base for discussions about policy coherence in the future.

Second, the question of funding remains to be addressed. This is an important source of tension between aid and non-aid policies with respect to developing countries. CCMD’s Partnership does not indicate the means by which services provided by government departments and agencies would be funded. In fact, it has recognized that the requests for services exceed the capacity of the government to supply them. The Partnership presents itself as a demand-driven process to which requests are made. In this way, it appears to resemble CIDA’s own demand-driven programming. However, it is clear that CIDA’s responses to requests from developing countries are to be funded with CIDA’s programming budget. Other departments, including DFAIT, possess no such budget. When they do, it is already insufficient for some projects in which they are currently engaged.

One obvious solution to the lack of funding is cost recovery — a method already used in some departments. Cost recovery would serve two purposes. First, it would allow government departments to provide more services while remaining within their allotted budget. Second, it would ensure that Canadian taxpayers would not foot the bill for benefits that accrue only to a foreign recipient, in this case developing countries. However, it is doubtful that developing countries would possess the necessary resources; so CIDA might be required to grant developing countries the money to pay for OGDs’ services.

## Good practices and potential solutions

In the course of several interviews with government officials on their perception of policy coherence in Canadian foreign policy, a number of examples of good coordination were given (climate change, Haiti, East Asia). Interviewees were at times reluctant to argue that these good practices were replicable in other settings. There were also recurring references to personality as an important factor behind cooperation or lack thereof. This had the effect of downplaying the institutional determinants of coherence. We were also reminded that solutions to the problem of coherence ought to consider the scarcity in personnel and financial resources, as formal structures require lengthy and costly preparation. Others stressed the importance of informal contacts.

A study of various donors' institutional structures and ODA policy toward Africa confirmed the somewhat contradictory findings of the interviews. It showed that different institutional arrangements did not produce significantly different results in terms of development success.<sup>195</sup> Structures were nevertheless necessary to foster interaction between the persons, departments, and agencies involved with developing countries and whose activities had an impact on poverty.

Based on the different models identified in Section 3 of this report, "Current international applications", three basic models that exist in other OECD countries could be envisaged to restructure Canadian ODA policy-making and implementation. Two other solutions involve additions to the current structure.

1. *Integrated ministry of foreign affairs.* This option would require a merger of the current Department of Foreign Affairs and International Trade with the Canadian International Development Agency. In keeping with the idea of integration, CIDA would become a division in its own right of DFAIT, keeping its minister and having a deputy minister, much like the Foreign Affairs Division and the Trade Division. Policy would be developed jointly by all three divisions where developing countries are concerned. The branches within each division could be organized by issues or geographically.
2. *Autonomous aid agency.* This option would retain the formal distinction that currently exists between CIDA and DFAIT. The autonomy of the aid agency would mean a complete delinking of CIDA, DFAIT, and other departments. Each department/agency would develop its own policy toward developing countries. As interviews have revealed, extensive contacts exist between the two bodies although they may sometimes be conflictual. Currently, even when policies are distinct, other departments turn to CIDA for funding for lack of resources for development-related activities.
3. *Development coherence board.* This option would create a structure that would bring together mainly CIDA, DFAIT, and the Department of Finance. All development-relevant activities of the agency and departments would be subject to policy coherence criteria. Relations between CIDA, DFAIT, and the Department of Finance would be institutionalized rather than taking place at the informal level between officials or at the political level in regular Cabinet meetings.

4. *Policy coherence secretariat.* This option would create a body separate from departments and agencies which would be responsible to the Prime Minister's Office or the Privy Council Office. The secretariat would be informed of all government department policies concerning developing countries and would direct information to other departments and organize dialogue on an as-needed basis to address the sources of incoherence identified.
5. *Policy coherence officer/branch.* This option would create a position or a staffed branch within each department. The officer or branch would scan the department's or agency's policies, programs, and projects in light of the mandates of all departments involved with developing countries. It would be responsible for informing other policy coherence officers or branches of departmental policies toward developing countries and of establishing contacts on an as-needed basis to resolve conflicts. The policy coherence officer or branch would be answerable directly to the minister or the minister's office.

# 5

## Conclusions

In this report, we have undertaken:

- A review of the burgeoning literature on policy coherence, particularly as it is applied to poverty reduction efforts in developing countries;
- A review of the structures, policies, and procedures in place in many countries to promote more effective policies toward developing countries; and
- A review of the Canadian context based primarily on a series of interviews with officials in a number of different departments and agencies with active interests in developing countries and in collaboration with CIDA.

What emerged from the research are a number of points:

- There is growing interest in policy coherence across a broad range of issues, including poverty reduction. The work of the DAC is probably furthest ahead, with a set of guidelines and increasing scrutiny being given to donors' policy coherence in the course of DAC aid reviews. Here the focus is on coherence at three levels — coherence between a donor's aid policies and those of its partner countries (both recipients and other donors and multilateral agencies), coherence within a donor's own aid policies, and coherence between a donor's aid and other economic/political policies that may affect developing countries.
- The World Bank is also moving in this direction, with the PRSP emerging as the key instrument within the overall CDF for a government to coordinate donor policies with its own. Other multilateral efforts to promote coherence have involved the Bank, the IMF, the WTO, and the UN. The integration of the UN into this dialogue — and the UNDP's own work on global public goods — may help to keep the coherence agenda focused on poverty reduction.
- Several donor countries have been concerned about how best to position their development agencies within their overall government structures in order to achieve greater coherence. While some countries have moved to increase the autonomy of their development agencies from foreign affairs ministries, and to increase the influence of the agency within interdepartmental dialogue and Cabinet decision-making, others have begun a process of consolidation. More important than the institutional structure perhaps is a government's overall commitment to development cooperation and poverty reduction, and whether this is reflected at the highest political level and/or in a legislated framework.
- Donor governments need a clearly defined commitment to poverty reduction and a set of policies to achieve that commitment. As the OECD-DAC has underlined, efforts are still

required to ensure vertical coherence — that is, that donors follow their own policies in the field. More recently DAC has focused on the issue of horizontal coherence — that is, establishing procedures and making resources available for reviewing how the policies and practices of other government departments and agencies relate to these development goals.

- Monitoring the six areas identified by the OECD as key for policy coherence, namely foreign trade and investment, international finance, food and agriculture, natural resources and sustainable development, social issues, and governance and conflict, could require significant resources. Time and information are needed to monitor and evaluate the implications of existing policies for poverty reduction efforts and to identify and negotiate alternatives that are more coherent with development objectives.
- In Canada, it is clear that many departments are keen to work more closely with CIDA, as their mandates are influenced by international developments and particularly by progress in developing countries. Similarly, CIDA has an interest in helping to inform their policies and activities which concern developing countries. Experience has shown, however, that tensions may arise as priorities may differ — with some departments being particularly concerned to promote the commercial interests of the sector they represent (e.g., agriculture, industry, natural resources, environment, and health) although this is not their only, nor often their primary, interest in developing countries.
- There have been a number of formal and informal initiatives to promote coherence in Canadian policies toward developing countries. There were several earlier efforts on finance/debt issues. More recent advances have been in the area of trade policy, with CIDA increasing its capacities to influence policies through personnel dedicated to understanding and promoting trade policies which support development through interdepartmental committees and staff within the mission in Geneva. Together with support from within DFAIT, this contributed to the government decision in June 2002 to remove all tariffs and quotas on imports from LDCs. Another success was the commitment to begin untying aid. Considerably more action is needed to make Canadian trade policy coherent with its development objectives — whether in the area of agriculture or intellectual property rights, to name only two. Besides trade policy, greater coherence is needed in areas such as investment, immigration, and defence.
- It is clear that CIDA cannot shoulder this responsibility on its own. OGDs should be expected to play their part, at the very least by sharing information about their policies and activities in developing countries, and at best by being open to discussion about alternatives. The Partnership for International Cooperation has begun to build a sense of community between the departments that are active internationally, and this could be used as the basis for discussions about policy issues. It is possible that more tracking of OGDs' activities in developing countries may lead them to expect these to be covered out of ODA.
- There are several institutional options for enhancing policy coherence. While these are being debated, CIDA should consider establishing a policy coherence profile for the countries with which it is proposing enhanced partnerships. The policy coherence profile would



include a database on the range of Canadian policies that affect each country as well as a list of activities. The information would be used as a basis for discussion with OGDs about how to promote more coherent policies toward that country.

- Outside government there is an important role to be played by civil society organizations and policy analysts in Canada and in partner countries monitoring the range of Canadian policies and activities that affect developing countries and considering alternatives that might have a greater impact on poverty reduction.

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**Annex Table 4.1 Mandates and International Activities of Canadian Government Departments and Agencies**<sup>196</sup>

Departments and agencies	Stated mandate	Main activities in developing countries	Canadian government partners
<i>Agriculture and Agri-Food Canada</i>	Agriculture and Agri-Food Canada provides information, research and technology, and policies and programs to achieve security of the food system, health of the environment, and innovation for growth. To prosper in the 21st century, Canadian agriculture must lead the world in food safety, innovation and environmentally responsible production. Together with farmers, the broader agri-food industry and consumers, governments are working to develop an action plan to help Canadian agriculture meet the challenges and seize the opportunities of a new century. ( <a href="http://www.agr.ca/aaifc_e.phtml">http://www.agr.ca/aaifc_e.phtml</a> )	Addressing the needs of developing countries in the WTO; furthering the mandate of the World Food Summit	CIDA, DFAIT, CFIA, Fisheries and Oceans, Finance
<i>Canadian Commercial Corporation</i>	To assist Canadian business selling to other countries. To act as an international trade facilitator and prime contractor. To offer contracting services.	Current projects include wastewater treatment, hospitals, and ambulances.	CIDA, EDC
<i>Canadian Food Inspection Agency</i>	The Agency protects consumers by contributing to food safety, the protection of plants and the health of animals in Canada. Food safety and consumer protection are essential to the health of Canadians. Inspection and verification of importers and exporters enhance the level of confidence in agricultural inputs, animal and plant health and food safety, elements essential to marketplace confidence. The legislative authorities provide health, social, and economic benefits for all Canadians. ( <a href="http://www.inspection.gc.ca/english/corppafr/publications/prog/agence.shtml">http://www.inspection.gc.ca/english/corppafr/publications/prog/agence.shtml</a> )	Capacity-building in the area of food inspection and food safety.	CIDA, DFAIT, CFIA, Fisheries and Oceans, Finance, CIDA, AAFC
<i>CIDA</i>	CIDA supports sustainable development activities in order to reduce poverty and to contribute to a more secure, equitable, and prosperous world. Development is a complex, long-term process that involves all of the world's people, governments and organizations at all levels. CIDA works with partners in the private and public sectors in Canada and in developing countries, and with international organizations and agencies. The objective: to work with developing countries and countries in transition to develop the tools to eventually meet their own needs. ( <a href="http://www.acdi-cida.gc.ca/whatwedo.htm">http://www.acdi-cida.gc.ca/whatwedo.htm</a> )	Many	Many
<i>DFAIT</i>	On behalf of the Government of Canada, the Department conducts all diplomatic and consular relations with foreign governments, and represents Canada in international organizations. It participates in relevant international negotiations, furthering and protecting Canada's domestic interests and fostering the development of international law. It coordinates Canada's economic relations, promoting the expansion of international trade. In addition, it administers the foreign service, including the interdepartmental coordination of diplomatic relations and the operation of missions abroad. ( <a href="http://www.dfaite-maecti.gc.ca/dfaite-mandate-e.asp">http://www.dfaite-maecti.gc.ca/dfaite-mandate-e.asp</a> )	Many	Many
<i>Elections Canada</i>	Responsible for the conduct of federal elections and referendums. Its prime task is to be prepared at all times to administer an electoral event.	Professional support, technical assistance, legal and administrative advice, organizing elections, logistics, knowledge-sharing.	CIDA, DFAIT

Departments and agencies	Stated mandate	Main activities in developing countries	Canadian government partners
<i>Environment Canada</i>	Environment Canada's mandate is to preserve and enhance the quality of the natural environment, including water, air and soil quality; conserve Canada's renewable resources, including migratory birds and other non-domestic flora and fauna; conserve and protect Canada's water resources; carry out meteorology; enforce the rules made by the Canada-United States International Joint Commission relating to boundary waters; and coordinate environmental policies and programs for the federal government. ( <a href="http://www.ec.gc.ca/introec/mandate.htm">http://www.ec.gc.ca/introec/mandate.htm</a> )	Broad-based technological areas (cooperative arrangements with developing countries).	CIDA, Industry, IDRC, International Institute for Sustainable Development
<i>Export Development Canada</i>	EDC is a Canadian financial institution devoted exclusively to providing trade finance services in support of Canadian exporters and investors in up to 200 countries. Founded in 1944, EDC is a Crown Corporation that operates as a commercial financial institution. Through insurance and finance, EDC helps exporters compete in more than 200 countries, including higher-risk and emerging markets. ( <a href="http://www.edc-see.ca/corinfo/profile_e.htm">http://www.edc-see.ca/corinfo/profile_e.htm</a> )	Funding and financing advice, insurance and risk-assessment.	CIDA, Canadian Commercial Corporation, (CCC), DFAIT
<i>Finance</i>	The Department of Finance is responsible for providing the government with analysis and advice on the broad economic and financial affairs of Canada. Its responsibilities include preparing the federal budget; developing tax and tariff policy and legislation; managing federal borrowing on financial markets; administering major federal funding transfers to provinces and territories; developing regulatory policy for the country's financial sector; and representing Canada within international financial institutions. ( <a href="http://www.fin.gc.ca/activty/ecfisce.html">http://www.fin.gc.ca/activty/ecfisce.html</a> )	Management of relations with multilateral donors. Assessment of international economic developments.	EDC
<i>Health Canada</i>	Responsible for helping the people of Canada maintain and improve their health.	To promote health, including the development of community approaches to prevention. To cooperate with LDC health departments at Branch level and to coordinate action at corporate level. To do health-impact assessment.	DFAIT, CIDA, Agriculture and Agri-Food, Industry, Environment
<i>Human Resources Development Canada</i>	Enables Canadians to participate fully in the workplace and the community. HRDC is committed to providing high quality service as it pursues a human development agenda in all its activities. ( <a href="http://www.hrdc-dhrhc.gc.ca">http://www.hrdc-dhrhc.gc.ca</a> )	Technical cooperation in employment assistance and insurance, counselling and retraining.	CIDA, DFAIT, CIC
<i>Industry Canada</i>	The department's mission is to foster a growing competitive, knowledge-based, Canadian economy. The department works with Canadians throughout the economy and in all parts of the country to improve conditions for investment, improve Canada's innovation performance, increase Canada's share of global trade and build a fair, efficient and competitive marketplace. Program areas include developing industry and technology capability, fostering scientific research, setting telecommunications policy, promoting investment and trade, promoting tourism and small business development, and setting rules and services that support the effective operation of the marketplace. ( <a href="http://www.ic.gc.ca/cmb/Welcomeic.nsf/ICPages/AboutIndustryCanada">http://www.ic.gc.ca/cmb/Welcomeic.nsf/ICPages/AboutIndustryCanada</a> )	Industrial cooperation and knowledge-sharing.	CIDA, Human Resources, Environment

**Annex Table 4.1 Mandates and International Activities of Canadian Government Departments and Agencies**<sup>196</sup> (continued)

Departments and agencies	Stated mandate	Main activities in developing countries	Canadian government partners
<i>Department of Justice</i>	Works to ensure that Canada's justice system is fair, accessible and efficient. Helps the Canadian government develop policy and make and reform laws. Acts as the government's lawyer, provides legal advice and represents the federal government. ( <a href="http://canada.justice.gc.ca/en/dept/#miss">http://canada.justice.gc.ca/en/dept/#miss</a> )	Institution-building. Legal aid and consultation centres for women. Development of business law and trade and investment facilitation. Training programs for judges and magistrates.	CIDA
<i>National Defence</i>	To defend Canada and Canadian interests and values while contributing to international peace and security (supporting humanitarian relief efforts and restoration of conflict-devastated areas, and participating in arms control and other confidence building measures) ( <a href="http://www.forces.gc.ca/admpol/pol_docs">http://www.forces.gc.ca/admpol/pol_docs</a> )	Participation in peace-keeping and peace-building missions with the United Nations.	DFAIT, CIDA
<i>Natural Resources Canada</i>	Natural Resources Canada (NRCan) focuses on core federal responsibilities and plays an increasingly active role at the international level. NRCan has reoriented its policies, and science and technology programs to encourage sustainable development: the integration of economic, social, and environmental objectives in decisions to develop energy, forestry, and mineral resources. Its sustainable development strategy aims to promote Canadian sustainable development practices internationally and to increase market access for Canadian natural resource industries. ( <a href="http://www.nrcan.gc.ca/homepage/how_whom.shtml">http://www.nrcan.gc.ca/homepage/how_whom.shtml</a> )	Improving environmental practices. Technical assistance. Knowledge- and technology-sharing. Fostering the adoption of Canadian practices internationally.	CIDA, DFAIT
<i>Transport Canada</i>	To develop and administer policies, regulations and services for the best possible transportation system for Canadians. To develop up-to-date, relevant transportation policies and legislation, and to maintain the highest level of safety and security possible.	Technical cooperation, institution and capacity-building, regulatory assistance.	DFAIT, Industry, Environment, EDC, CCC

## Endnotes

- <sup>1</sup> See Chantal Blouin, John Foster, and Labonte, Ron, *Canada's Foreign Policy and Health: Toward Policy Coherence*. Report prepared for the Commission on the Future of Health Care in Canada (Ottawa: NSI, 2002).
- <sup>2</sup> Inge Kaul, Isabelle Grunberg and Marc Stern, eds, *Global Public Goods: International Cooperation in the 21<sup>st</sup> Century* (Oxford and New York: Oxford University Press for UNDP, 1999).
- <sup>3</sup> *Ibid.*, "Executive Summary."
- <sup>4</sup> One of the consequences of other government departments beginning to track their financial contribution to global public goods may be a reduction in funds available for more traditional aid activities.
- <sup>5</sup> Marrakesh Agreement, Article III.5, April 1994.
- <sup>6</sup> Article 36. Also, "We are aware that the challenges Members face in a rapidly changing international environment cannot be addressed through measures taken in the trade field alone." Article 5, Ministerial Declaration, November 14, 2001. With respect to technical cooperation and capacity building, it is noted that "a coherence policy framework and timetable" are needed (Article 39).
- <sup>7</sup> Paras 52, 69, and 71. "52. In order to complement national development efforts, we recognize the urgent need to enhance coherence, governance, and consistency of the international monetary, financial and trading systems. To contribute to that end, we underline the importance of continuing to improve global economic governance and to strengthen the United Nations leadership role in promoting development. With the same purpose, efforts should be strengthened at the national level to enhance coordination among all relevant ministries and institutions. Similarly, we should encourage policy and programme coordination of international institutions and coherence at the operational and international levels to meet the Millennium Declaration development goals of sustained economic growth, poverty eradication and sustainable development." Monterrey Consensus, March 1, 2002.
- <sup>8</sup> OECD, *The DAC Guidelines. Poverty Reduction*, Paris, 2001, p. 91.
- <sup>9</sup> OECD/DAC, *DAC Scoping Study of Donor Poverty Reduction Policies and Practices*, Paris, 1999. Accessed at [http://www.oecd.org/dac/html/pubs/pov\\_scop.htm](http://www.oecd.org/dac/html/pubs/pov_scop.htm).
- <sup>10</sup> OECD, *DAC Guidelines*, 2001, para. 44 and p. 107.
- <sup>11</sup> *Eliminating World Poverty: A Challenge for the 21<sup>st</sup> Century* (1997) and *Eliminating World Poverty: Making Globalization Work for the Poor* (2000).
- <sup>12</sup> Globkom (Kommittén om Sveriges politik för global utveckling) presented its final report in March 2002. An English summary "Executive summary: A new Swedish policy for global development," is available at <http://www.globkom.net/english.phtml>. Inter alia, it suggests creating a citizens' forum to help bring about greater policy coherence (p. 10).
- <sup>13</sup> See various reports by the ECDPM.
- <sup>14</sup> OECD. "Towards Policy Coherence for Poverty Reduction," in *The DAC Guidelines. Poverty Reduction*. Paris: Organisation for Economic Co-operation and Development, 2001. pp. 93-94.
- <sup>15</sup> CIDA, *Canada making a difference in the world. A policy statement on strengthening aid effectiveness*, September 2002, p. 17.
- <sup>16</sup> Inter Pares, An Honourable Commitment. Policy Coherence in Canada's Relations with the Global South." Ottawa, 2001, p. 16.
- <sup>17</sup> In the case of CIDA, as Inter Pares notes (p. 37), there is a role to be played by Partnership Branch, bringing its partners' experiences to bear, and thus complementing Policy Branch, in the wider foreign policy debates within government.
- <sup>18</sup> OECD, *Towards Policy Coherence...*, p. 89.
- <sup>19</sup> "Financing for Development. Implementing the Monterrey Consensus." Prepared by the Bank for the Spring 2002 Development Committee Meeting, April 11, 2002 at <http://www.imf.org/external/np/pdr/FfD/2002/imp.htm>.
- <sup>20</sup> In the case of CIDA, as Inter Pares notes (p. 37), there is a role to be played by Partnership Branch, bringing its partners' experiences to bear, and thus complementing Policy Branch, in the wider foreign policy debates within government. Inter Pares. "An Honourable Commitment. Policy Coherence in Canada's Relations with the Global South." Ottawa, February 2001.
- <sup>21</sup> Paul Nelson. 'Access and Influence: tensions and ambiguities in the World Bank's expanding relationship with civil society organizations.' Ottawa: The North-South Institute, 2002. p. 21.

- <sup>22</sup> CIDA, *Jamaica Country Development Program Plan 2002-2007*, at <http://www.acdi-cida.gc.ca>, p.40.
- <sup>23</sup> Thanks to Dal Brodhead, who reviewed the Bangladesh paper, for this suggestion.
- <sup>24</sup> See for example, CIDA, *Jamaica Country Development Program Plan 2002-2007* which specifically mentions the areas of security, trade, investment, and technology transfer (p. 28).
- <sup>25</sup> Jacques Forster and Olav Stokke, eds, *Policy Coherence in Development Cooperation* (London: Frank Cass, 1999), pp.23-24.
- <sup>26</sup> See for instance the series of NSI studies on the implications of structural adjustment policies in Africa published in the late 1980s-early 1990s, and Lynn R. Brown and Joanna Kerr, eds, *The Gender Dimensions of Economic Reforms in Ghana, Mali and Zambia* (Ottawa: NSI, 1997).
- <sup>27</sup> The North-South Institute, *Canada and the Developing World. Key Issues for Canada's Foreign Policy* (Ottawa: The North-South Institute, 1994) p. 41.
- <sup>28</sup> OECD/DAC, *Development Cooperation. Efforts and Policies of the Members of the Development Assistance Committee. 1997 Report* (Paris: OECD, 1998), p. 14.
- <sup>29</sup> Kiichiro Fukasaku and Denizhan Erocal, "The Challenge of Policy Coherence in Development Cooperation: An Issues Paper." Paper delivered at the Technical Workshop on Enhancing Coherence of OECD Policies towards Developing Countries: The Case of ASEAN (Paris: OECD, July 1-2, 1993).
- <sup>30</sup> Fukasaku and Erocal, "The Challenge of Policy Coherence", p. 4.
- <sup>31</sup> *Ibid.*, p. 11.
- <sup>32</sup> *Ibid.*, p. 4.
- <sup>33</sup> Forster and Stokke, *Policy Coherence in Development Cooperation*, pp. 4-5.
- <sup>34</sup> Paul Hoebink, "Coherence and Development Policy: The Case of the European Union." Paper delivered at the EADI conference on Globalisation, Competitiveness and Human Security: Challenges for Development Policy and Institutional Change, Vienna, September 11-14, 1996: Timo Voipio, "Coherence of Policies towards Developing Countries the Case of Finland," and Mark Robinson, "Donor Policies on Participatory Development and Good Governance." Both papers delivered at the International Workshop on Policy Coherence in Development Cooperation, Geneva, April 24-26, 1997.
- <sup>35</sup> Robinson, "Donor Policies on Participatory Development and Good Governance", p. 4.
- <sup>36</sup> *Ibid.*, p. 12.
- <sup>37</sup> *Ibid.*, pp. 16-17.
- <sup>38</sup> OECD/DAC, *Shaping the 21<sup>st</sup> Century: The Contribution of Development Cooperation* (Paris: OECD, 1996), p. 18.
- <sup>39</sup> OECD/DAC, *Development Cooperation. Efforts and Policies of the Members of the Development Assistance Committee* (Paris: OECD, 1997), p. 14.
- <sup>40</sup> Inge Kaul, Isabelle Grunberg and Marc Stern, eds, *Global Public Goods: International Cooperation in the 21<sup>st</sup> Century* (Oxford and New York: Oxford University Press for UNDP, 1999).
- <sup>41</sup> *Ibid.*, "We have entered a new era of public policy, defined by a growing number of concerns that straddle national borders. That is the overarching policy message emanating from this work, and it poses a dual challenge. One is the need to transform international cooperation from its traditional place as "external affairs" into policy-making applicable to most, if not all, domestic issue areas. The second challenge is to develop the concepts and instruments needed to overcome problems of collective action. In particular this will require actions to "internalize the externalities" — to deal with potentially contagious phenomena at the source, before they spill across the borders", p. xxv.
- <sup>42</sup> The report suggests the creation of "national externality profiles", p. xxvii and pp. 470-71.
- <sup>43</sup> Kaul *et al.*, p. xxviii. The report calls for "re-engineering of national approaches to international issues ... to ensure that thematic and sectoral government entities have the capability to address and manage global interdependence in their respective areas of work. This can be achieved by introducing foreign affairs responsibilities into relevant ministries or by incorporating domestic concerns more systematically into foreign affairs", p. 473. Also, "domestic affairs and external affairs have to blend so that international cooperation becomes an integral part of national public policy-making", p. 478.
- <sup>44</sup> *Ibid.*, p. 497.
- <sup>45</sup> Andrea Koulaïmah-Gabriel and Lou Box, "The EU and the Developing World: The Issue of Coherence Between the Common Foreign and Security Policy and Development Cooperation" (Maastricht: European Centre for Development Policy Management, 1997).



- <sup>46</sup> Liaison Committee of Development NGOs to the European Union, "Implementing Horizon 2000: Poverty Eradication and Coherence of European Politics", Brussels, 1996, p. 28.
- <sup>47</sup> Eurostep, "Restructuring of the European Commission: Implications for International Development" (Brussels: Eurostep, 1999).
- <sup>48</sup> Eurostep, "Restructuring of the European Commission", p. 5.
- <sup>49</sup> Eurostep, "Development Co-operation in the EU after the reform of the Council," July 8, 2002.
- <sup>50</sup> *Ibid.*
- <sup>51</sup> Bernard Wood, "Development Cooperation in the 21<sup>st</sup> Century." Presentation at The North-South Institute, January 13, 2000, p. 13.
- <sup>52</sup> See, for instance, a recent paper by G. K. Helleiner, "Changing Aid Relationships in Tanzania" (mimeo, March 1999). Helleiner distinguishes between government leadership in the macroeconomic sphere (e.g., on public expenditure reviews and the design of the Policy Framework Paper), at the sectoral level, and at the local government/district level. Some progress has been achieved at the first level. But the number of coordination meetings has not declined, and may have increased with the new sector-wide approach to aid management (p. 18). The shift to government-led sector-wide policies from donor-controlled projects could be quite significant (p. 8). Donors are likely to find it more difficult, however, to integrate their activities with those of an increasingly decentralized government (p. 10).
- <sup>53</sup> OECD, *DAC Scoping Study of Donor Poverty Reduction Policies and Practices* (Paris: OECD, 1999), p. xi.
- <sup>54</sup> *Ibid.*, p. xvi.
- <sup>55</sup> OECD, *The DAC Guidelines. Poverty Reduction*, Paris, 2001.
- <sup>56</sup> *Ibid.*, p. 105.
- <sup>57</sup> *Ibid.*, Summary Para 46.
- <sup>58</sup> *Ibid.*, Para 47.
- <sup>59</sup> DAC, "Peer Review of Canada. Questionnaire for the Mission to Ottawa", July 2002, mimeo.
- <sup>60</sup> Hyun-sik Chang *et al.*, "A Comparison of Management Systems for Development Co-operation in OECD/DAC Members" (Paris: OECD, July 5, 1999), p. 29.
- <sup>61</sup> We use the typology of Chang *et al.*, "A Comparison of Management Systems", p. 32 ff.
- <sup>62</sup> From Chang *et al.*, "A Comparison of Management Systems", p. 38 and USAID website.
- <sup>63</sup> Information collected during interview.
- <sup>64</sup> OECD/DAC, *Development Co-operation Review Series: United Kingdom, No. 25*. Paris, 1997, p. 31.
- <sup>65</sup> From Chang *et al.*, "A Comparison of Management Systems", p. 38.
- <sup>66</sup> OECD/DAC, *The DAC Journal. International Development*, 2001, vol. 2, no. 4, p. I-45.
- <sup>67</sup> OECD/DAC, *Development Co-operation Review Series: United Kingdom*, p. 8.
- <sup>68</sup> Patrick Wintour and Charlotte Denny, "Overruled: Short loses in aid row," *The Guardian* December 20, 2001, at <http://www.guardian.co.uk/ethical/article/0,2763,622042,00.html> This would lead to export licenses being rejected if sustainable development criteria were not met.
- <sup>69</sup> <http://www.cabinet-office.gov.uk/innovation/1999/purpose.htm> Consulted March 9, 2000.
- <sup>70</sup> UK Cabinet Office, *Rights of exchange: social, health, environmental and trade objectives on the global stage*, Performance and Innovation Unit Report, September 2000. This project was commissioned in December 1999 to provide the UK government with a policy framework for balancing social, health, and environmental objectives with that of increasing trade liberalization.
- <sup>71</sup> OEDC/DAC, *Development Co-operation Review Series: The Netherlands, No. 24*, Paris, 1997, p. 14.
- <sup>72</sup> OEDC/DAC, *Development Co-operation Review Series: The Netherlands, No. 24*, Paris, 1997, p. 13.
- <sup>73</sup> OECD/DAC, *Development Co-operation Review Series: Norway, No.36*, Paris, 1999.
- <sup>74</sup> Canada, Standing Committee on Foreign Affairs and International Trade, *Canada and the Future of the World Trade Organization: Advancing a Millennium Agenda in the Public Interest*, June 1999, p. 11.

- <sup>75</sup> UNDP, *Human Development Report 1999*, New York, p. 112.
- <sup>76</sup> *op. cit.*, p. 15-10.
- <sup>77</sup> WT/GC/W/260, pp. 3 and 5. WTO, "Preparations for the 1999 Ministerial Conference," 21 July 1999.
- <sup>78</sup> WTO, "WTO holds high level trade symposia on environment and development," *Newsletter*, No. 38, March 1999, p. 7.
- <sup>79</sup> *Ibid.*, p. 9.
- <sup>80</sup> Sylvia Ostry, "Future of the WTO". Paper prepared for the Brookings Institution Trade Policy Forum conference on Governing in a Global Economy, April 15-16, 1999, p. 22.
- <sup>81</sup> Article 36. Also, "We are aware that the challenges Members face in a rapidly changing international environment cannot be addressed through measures taken in the trade field alone." Article 5, Ministerial Declaration, November 14, 2001. With respect to technical cooperation and capacity building, it is noted that "a coherence policy framework and timetable" are needed (Article 39).
- <sup>82</sup> Paras 52, 69, and 71. Para 52: "In order to complement national development efforts, we recognize the urgent need to enhance coherence, governance, and consistency of the international monetary, financial and trading systems. To contribute to that end, we underline the importance of continuing to improve global economic governance and to strengthen the United Nations leadership role in promoting development. With the same purpose, efforts should be strengthened at the national level to enhance coordination among all relevant ministries and institutions. Similarly, we should encourage policy and programme coordination of international institutions and coherence at the operational and international levels to meet the Millennium Declaration development goals of sustained economic growth, poverty eradication and sustainable development." Monterrey Consensus, March 1, 2002.
- <sup>83</sup> James D. Wolfensohn, "A Proposal for a Comprehensive Development Framework." Discussion draft (Washington: World Bank, January 21, 1999), p. 7.
- <sup>84</sup> *Ibid.*, p. 9.
- <sup>85</sup> *Ibid.*, pp. 21-22.
- <sup>86</sup> CDF Secretariat, "Comprehensive Development Framework. Meeting the Promise? Early Experience and Emerging Issues" (Washington, DC: World Bank, September 17, 2001), pp. 2-3
- <sup>87</sup> According to Akio Takanayagi, in "Japan" in *The Reality of Aid 2000*, Earthscan Publications 2000, London, Japan was to merge the Overseas Economic Cooperation Fund, the agency in charge of ODA loans, with the Japan Export Import Bank in late 1999, to form the Japan International Cooperation Bank. There was concern that this merger would increase the commercialization of Japanese aid. Instead, Takanayagi recommended "the establishment of a single governmental agency that deals with all types of ODA — grants, technical aid and loans, as well as multilateral aid, and whose major mission is poverty elimination". More specifically he noted in a personal interview that the scope for the implementing agencies to have much influence on ministry policies — whether finance, trade or other — might be limited by the fact that employees did not have the same civil service standing as ministry officials.
- <sup>88</sup> Andrew F. Cooper, *Canadian Foreign Policy: Old Habits and New Directions* (Scarborough: Prentice-Hall, 1997), p. 231.
- <sup>89</sup> Donald J. Savoie, *Governing From the Centre: The Concentration of Power in Canadian Politics* (Toronto: University of Toronto Press, 1999), pp. 98-104.
- <sup>90</sup> *Ibid.*, pp. 134-35.
- <sup>91</sup> *Ibid.*, pp. 109-11.
- <sup>92</sup> Cranford Pratt, "DFAIT's Takeover Bid of CIDA: The Institutional Future of the Canadian International Development Agency." *Canadian Foreign Policy*, vol. 5, no. 2 (Winter 1998), p. 1.
- <sup>93</sup> This is according to the former director of DEA's Aid and Development Division. Eric Bergbusch, "Development Odyssey Re-visited." *Behind the Headlines*, vol. 56, no. 2 (Winter 1999), p. 26.
- <sup>94</sup> Margaret Catley-Carson cited in Pratt, "DFAIT's Takeover Bid of CIDA", p. 2.
- <sup>95</sup> Cran Pratt, "Greater Policy Coherence: A Mixed Blessing", in Forster and Stokke, editors, 1997, p. 86.
- <sup>96</sup> David R. Morrison, *Aid and Ebb Tide: A History of CIDA and Canadian Development Assistance* (Waterloo: Wilfrid Laurier University Press, 1998), p. 313.
- <sup>97</sup> *Ibid.*, pp. 316-18.
- <sup>98</sup> Morrison, *Aid and Ebb Tide*, p. 398.

- 99 Jean Daudelin and Fen Ole Hampson, "Human Security and Development Policy." Concept paper prepared for the Canadian International Development Agency, mimeo, March 1999, p. 6.
- 100 Lloyd Axworthy, "The New Diplomacy: The UN, the International Criminal Court and the Human Security Agenda." Notes for an address to a Conference on UN Reform and the Kennedy School, Harvard University, Cambridge, Mass., April 1998.
- 101 Morrison, *Aid and Ebb Tide*, p. 415.
- 102 Interview, Hull, June 18, 1999.
- 103 Interview, Ottawa, July 7, 1999.
- 104 Interview, Hull, July 6, 1999.
- 105 Interview, Ottawa, July 6, 1999.
- 106 Interview, Hull, July 6, 1999.
- 107 Interview, Hull, June 17, 1999.
- 108 Interview, Hull, June 23, 1999. For reasons of confidentiality, company names are omitted.
- 109 See CIDA, *CIDA's Policy for Private Sector Development in Developing Countries* (Hull: CIDA, March 29, 1999).
- 110 Interview, Hull, July 8, 1999.
- 111 Interview, Hull, July 22, 1999.
- 112 Interview, Hull, June 18, 1999.
- 113 Interview, Hull, June 23, 1999.
- 114 Interview, Hull, June 23, 1999.
- 115 Interview, Hull, July 5, 1999. Also interview, Hull, July 8, 1999.
- 116 See for instance Natural Resources Canada, *Sustainable Development Strategy, Now and for the Future*, 2002.
- 117 Interview, Ottawa, July 22, 1999.
- 118 Interview, Ottawa, July 15, 1999.
- 119 Interview, Ottawa, July 6, 1999.
- 120 Interview, Ottawa, July 6, 1999.
- 121 Interview, Ottawa, July 1999.
- 122 Interview, Ottawa, July 21, 1999.
- 123 Interview, Ottawa, July 15, 1999.
- 124 Pratt, in "Greater Policy Coherence," notes the critical response to the International Assistance Policy Update developed in 1993 under the leadership of Barbara McDougall in which External Affairs set out options for aid allocation, with a view to establishing the overall orientation of the aid program (pp. 16-17). The initiative was dropped following opposition from CCIC and others.
- 125 Interview, Ottawa, July 6, 1999.
- 126 Interview, Ottawa, June 30, 1999.
- 127 Interview, Ottawa, July 6, 1999.
- 128 Interview, Ottawa, July 7, 1999.
- 129 Interview, Ottawa, July 6, 1999.
- 130 Interview, Ottawa, July 6, 1999.
- 131 Interview, Hull, July 23, 1999.
- 132 Interview, Hull, June 29, 1999.

- 133 Interview, Hull, June 17, 1999.
- 134 Interview, Hull, June 18, 1999.
- 135 Interview, Hull, June 29, 1999.
- 136 Interview, Hull, July 6, 1999.
- 137 Interview, Hull, June 17, 1999.
- 138 Interview, Hull, July 8, 1999.
- 139 Interview, Hull, July 22, 1999.
- 140 Interview, Hull, July 22, 1999.
- 141 Interview, Hull, July 6, 1999.
- 142 Interview, Hull, June 14, 1999.
- 143 Interview, Hull, June 23, 1999.
- 144 Interview, Hull, July 23, 1999.
- 145 Interview, Hull, July 21, 1999.
- 146 Interview, Ottawa, July 7, 1999.
- 147 Canada, Treasury Board Secretariat, *Estimates 2000-2001. Part II – Main Estimates* (Ottawa: Supply and Services, 2000), pp. 9-2
- 148 Interview, Ottawa, July 6, 1999.
- 149 Notes for an address by the Hon. Diane Marleau at the Canadian Centre for Management Development, January 29, 1999.
- 150 Interview, Hull, July 23, 1999.
- 151 Interview, Hull, June 23, 1999.
- 152 Interview, Hull, July 23, 1999.
- 153 Interview, Hull, July 22, 1999.
- 154 Interview, Hull, July 27, 1999.
- 155 Interview, Hull, July 22, 1999.
- 156 Interview, Ottawa, July 21, 1999.
- 157 Interview, Ottawa, July 6, 1999. The Government of Canada's *Estimates* for fiscal year 2000/01 for CIDA's envelope are C\$1,875,664,000. See Canada, Treasury Board Secretariat *2000-2001 Estimates*, pp. 9-12.
- 158 Interview, Ottawa, July 21, 1999.
- 159 Interview, Ottawa, June 30, 1999.
- 160 Interview, Hull, July 9, 1999.
- 161 It is interesting to note that the interviewee did not ask for CIDA guidelines but rather for instructions coming from the OECD.
- 162 Interview, Ottawa, July 6, 1999.
- 163 Interview, Hull, July 22, 1999.
- 164 Interview, Hull, July 6, 1999
- 165 Interview, Hull, July 23, 1999.
- 166 Interview, Hull, July 22, 1999.
- 167 Interview, Hull, July 6, 1999.
- 168 Interview, Hull, June 29, 1999.

- <sup>169</sup> Interview, Hull June 30, 1999.
- <sup>170</sup> Interview, Hull, July 6, 1999.
- <sup>171</sup> Interview, Hull, July 22, 1999.
- <sup>172</sup> Interview, Hull, June 23, 1999.
- <sup>173</sup> Interview, Hull, July 8, 1999.
- <sup>174</sup> Interview, Ottawa, July 22, 1999.
- <sup>175</sup> Interview, Hull, June 18, 1999.
- <sup>176</sup> Interview, Hull, July 6, 1999.
- <sup>177</sup> Interview, Hull, June 23, 1999.
- <sup>178</sup> Interview, Hull, July 23, 1999.
- <sup>179</sup> Interview, Hull, June 14, 1999.
- <sup>180</sup> Interview, Hull, July 23, 1999.
- <sup>181</sup> Interview, Hull, June 17, 1999.
- <sup>182</sup> Faihmul Quadir with M. Mahbubur Rahman Morshed, *Poverty and Policy Coherence: Canada's Development Cooperation in Bangladesh* (Ottawa: The North-South Institute, 2001).
- <sup>183</sup> The incoherence between Canada's foreign policies which affect health in developing countries — and how this might be resolved through the adoption of an overarching human rights framework — are examined in Chantal Blouin, John Foster, and Ron Labonte, *Canada's Foreign Policy and Health: Toward Policy Coherence*, prepared for the Commission on the Future of Health Care in Canada, June 2002.
- <sup>184</sup> Interview, Hull, June 23, 1999.
- <sup>185</sup> PRI, "Policy Research in Canada: A Capacity for the Future", discussion document, mimeo.
- <sup>186</sup> PRI, *Canada 2005: Global Challenges and Opportunities*. Report of the ADM Sub-Committee, vols. I and II, draft interim report, February 1997. Available online at <http://policyresearch.schoolnet.ca/keydocs/global/index-e.htm>, accessed on May 31, 1999.
- <sup>187</sup> PRI, *Canada 2005*, vol. I, ch. V.
- <sup>188</sup> Alison van Rooy, "Fame and Flames: Reflections on Government Engagement with Civil Society." Paper delivered at the PRI National Policy Research Conference: Analysing the Trends, mimeo, Ottawa, November 25-26, 1999.
- <sup>189</sup> Panel on Accountability and Governance in the Voluntary Sector, *Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector*, Final Report, February 1999.
- <sup>190</sup> *Ibid.*, p. 16.
- <sup>191</sup> *Ibid.*, p. 14.
- <sup>192</sup> *Ibid.*, p. 17.
- <sup>193</sup> Privy Council Office, *Partnering for the Benefit of Canadians: Government of Canada-Voluntary Sector Initiative* (Ottawa: Supply and Services, 1999).
- <sup>194</sup> In 2002, Prime Minister Chrétien made the Minister for Canadian Heritage responsible for leading the government's efforts to strengthen its relationship with the voluntary sector.
- <sup>195</sup> Carol Lancaster, *Aid to Africa: So Much to Do, So Little Done* (Chicago and London: University of Chicago Press, 1999), pp. 222-25.
- <sup>196</sup> Departmental mandates in this table are taken from relevant departments' websites.

